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## NEWS SUMMARY

## Hijackers surrender at Stansted airport after weekend siege

Four hijackers of a Tanzanian airliner surrendered at Stansted airport and released all their hostages last night.

They had been demanding the resignation of Tanzanian President Nyerere, but agreed to end their siege when Oscar Kambona, an exiled opponent of Nyerere living in London, spoke to them by radio yesterday.

The Air Tanzania Boeing 737 was hijacked on Friday during a Tanzanian internal flight. It landed in Nairobi, Jeddah and Athens before arriving at Stansted on Saturday afternoon.

Armed police surrounded the aircraft and a special anti-terrorist unit from the Special Air Services was flown in to storm the aircraft if necessary.

The runway was blocked with fire engines to prevent takeoff and tense negotiations were held, during which the hijackers threatened to blow up the craft.

The hijackers, all in their early 20s, were last night in police custody and face trial in Britain. Nyerere's problems, Page 2

### GENERAL

## Jaruzelski to relax Polish curbs

Polish authorities eased some martial law restrictions as leader General Jaruzelski prepared to leave with a delegation for a visit to the USSR. Back Page; West Germans stand by pipeline deal, Page 2

### 'Ban rates' call

Abolishing rates and putting up income tax instead could cut 3 per cent off the retail price index, a Lloyds Bank adviser argues. Page 4

### 'Self-defence'

Defence Secretary John Nott said Britain needed the Trident deterrent in case Nato collapsed.

### Liberal bid

The Liberals are likely to carry the Alliance colours in the Beaconsfield by-election caused by the death at the weekend of Conservative Sir Ronald Bell.

### Sutcliffe objects

Peter Sutcliffe is to oppose the amount of damages sought by the mother of his youngest murder victim. His wife this week seeks legal separation.

### Prison death trial

Three prison officers stand trial today at Leicester Crown Court accused of murdering inmate Barry Prosser.

### Cricket 'jeopardy'

Five of the England cricket team returned from the India tour, including Geoff Boycott, are among 12 who have gone to play in South Africa, jeopardising their Test careers.

### CB link with God

Cornish vicar Raymond Wallace is using CB radio to keep in touch with the housebound and to raise money.

### False alarm

"Frantic" residents on Canvey Island poured out onto the streets when a siren at a methane gas plant went off accidentally.

### Harmony restored

Sadler's Wells Royal Ballet resumes performances after a five-week musicians' strike. Page 6

### Loco parentis

London pigeon foster-parents are helping save the unmaternal rare pink Mauritanian variety from extinction.

### Briefly . . .

Common cold did not cause more problems than usual this winter despite record low temperatures.

### BUSINESS

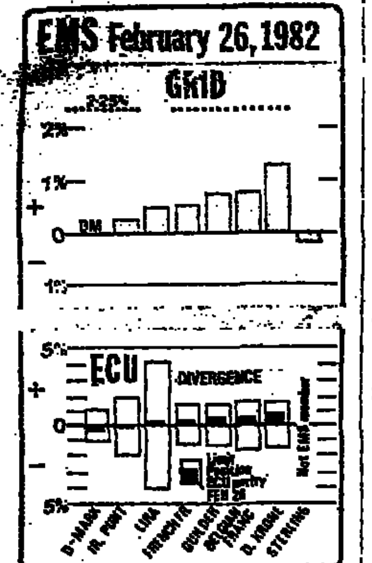
## Japan seeks trade talks with U.S.

● JAPAN is to seek ministerial talks with the U.S. on bilateral trade and other economic problems. It hopes the talks can precede the Paris economic summit meeting this summer. Back Page

● DANISH krone finished as the strongest member of the European Monetary System last week, ahead of the other devalued currency, the Belgian franc.

The Belgian currency came under some pressure in the market, but remained comfortably near the top of the system. The Belgian National Bank replenished some of its lost currency reserves early in the week, and speculative pressure tended to subside later.

The D-mark was the weakest member.



*The chart shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.*

● NORTHERN IRELAND Department of Commerce said it was in the final stages of talks with an unnamed U.S. company about opening a plant near Belfast. Back Page; De Lorean talks, Page 6

● UK'S TOP DIRECTORS received a 14 per cent median pay rise last year, about the same as 1980, says a Charterhouse Group study. Page 4

● TUC will propose a wide-ranging interventionist regional strategy at Wednesday's NEDC meeting. Page 6

● TRADE DEPARTMENT is investigating Suter Electrical share price movements before the company bought Prestcold from BL. Page 14

● BAHRAIN INTERNATIONAL Bank's issue of 28m $1 shares was more than 400 times oversubscribed. Page 16

● BOLIDEN the Swedish metals and chemicals group, saw pre-tax profits fall last year from SKr 429.9m to SKr 278.2m (£26m). Page 16

### CONTENTS

*For latest Share Index phone 01-246 8026*

## Surveys on economy highlight budget dilemma for Howe

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE LATEST reports on the British economy, out today, show the dilemma facing Sir Geoffrey Howe, the Chancellor, for his Budget on March 9.

Evidence from the Confederation of British Industry and the leading independent forecasters suggest that recovery from the slump will be sluggish unless the Chancellor gives some help to companies.

His officials, however, advise that the fall in oil prices is likely to dent government revenues enough to reduce even his modest plans for helping the economy.

As a result it seems likely he will feel unable to give away much more than £1bn in tax cuts without risking government borrowing higher than the limits of official strategy.

The London Business School, which in the past has been broadly sympathetic to the Governments' monetarist strategy, today backs the CBI's plea for a cut in payroll tax to help industry. It says corporate profits have fallen so low companies will have to go heavily into debt to finance a recovery.

Its Centre for Economic Forecasting has produced its gloomiest prediction for unemployment. This could go on rising to the middle of the decade, even if the Chancellor gives the help it suggests—a 2 point cut in the Employers' National Insurance surcharge.

The school has become more cautious about the outlook for economic growth this year. It puts this at 1.5 per cent, broadly in line with the Treasury's private view and with the most recent forecast from the National Institute for Economic and Social Research.

The CBI's latest monthly trends inquiry shows, it says, no indication of a substantial recovery in the short run, but there are some signs of a limited pick-up of activity later in the year.

Its survey of 1,660 manufacturing companies showed a 3 per cent balance of opinion that output would expand in the next four months.

There was a slight improvement in the perception of orders, with 50 per cent saying orders were below normal levels, compared with 55 per cent in November and 65 per cent in June.

The Financial Times's Business Opinion Survey today shows improved optimism, although only half the companies interviewed last month were more optimistic than in November.

The Chancellor has come under strong pressure to give an upward push to demand. However, in the last few weeks his scope for assistance has been narrowing fast.

In early January the Teasury was estimating that public borrowing for 1982-83 would be about £7.5bn to £8bn if policies were "unchanged." It was assumed that income tax thresholds and excise duties would be raised in line with the inflation rate.

The Government's medium-term financial strategy implied that borrowing should be about £9bn to £9.5bn, so that Chancellor had £1.5bn to £2bn to "give away" if he wanted to stay on course.

Falling oil prices have reduced his margin by £500m or a little more. In addition, the general uncertainties about oil prices and their effects on revenues have moved the Treasury's budget arithmetic sharply towards caution. Upward revisions of the interest paid on the national debt and the poorer outlook for asset sales may have added to this.

It would be politically embarrassing for the Chancellor to announce that this cupboard was now bare, so he is likely to settle for modest measures costing about £1bn.

The most favoured and the "safest" of the Treasury's options for tax cuts was a reduction in the employers' insurance surcharge. However, the Chancellor may argue now that an oil price cut will help industry's costs, and any fall in the exchange rate resulting from lower oil prices would help the UK's competitiveness.

He may judge this a good argument for leaving the surcharge untouched or, at most,

Continued on Back Page

Ending council rates "would reduce RPI," Page 4. Economists predict strain on company funds, Page 5. State urged to ease burden on industry, Page 5. Oil prices and the Budget, Page 12. FT Business Opinion, Page 18.

## 'Lift curb on cable TV' report recommends

BY GUY DE JONQUIERES

AN IMMEDIATE go-ahead for commercial satellite broadcasting and the removal of government restrictions on cable television are recommended in a report drawn up by a panel of independent experts at the request of the Prime Minister.

The report is expected to form the basis for Government decisions on the future of broadcasting policy this month possibly this week.

Its recommendations have been discussed by Mrs Margaret Thatcher and the Ministers most closely involved and are understood to have been favourably received.

By lifting its controls over cable television programming, the report says the Government could stimulate the rapid development of a £1bn a year industry whose financing could be provided entirely from the private sector.

At present cable television operators may transmit legally only programmes broadcast by the BBC and independent television networks.

They should be free to distribute whatever material they choose, the report says. This could include feature films, educational programmes, subscription television, paid advertising and two-way electronic information services.

The expansion of cable television would provide an important new market for British suppliers of communications systems, office equipment, computers, television sets and a wide variety of programme material.

The Government must commit itself to taking action soon — preferably by the middle of this year — otherwise mounting losses will force cable operators to close large parts of their systems.

The report is due to be published this month or early in April. It was drawn up by the Information Technology Advisory Panel appointed last July. Its six members are drawn from the electronics industry, research organisations and the academic world.

The panel's principal recommendations for government action are:

● Immediate approval for the start of commercial satellite broadcasting and authorisation for cable systems to distribute satellite - transmitted programmes. If necessary, cable operators should be released from the obligations to distribute normal broadcast services.

● Announcement in "broad outline" of future policy towards cable television by mid-1982 to allow industry time to invest in new systems. Cable operators should be licensed and freed from restrictions on the programmes they distribute.

● A review of the implications that deregulating cable television would have for the financing and regulation of normal broadcasting, and a decision on whether to set up a statutory body to oversee the cable industry.

● Encouragement of effective self-regulation by the cable television industry, similar to that exercised by the advertising and newspaper industries.

● Establishment by the Industry Department of a working group to define technical standards for cable networks by the end of this year.

● Creation by the Industry Department of a common "forum" grouping all parties interested in cable television.

About 2.6m homes in Britain are served by cable television. The report estimates it would cost about £2.5bn to install systems which could reach half the population. There would be little difficulty in raising the investment from private sources.

Report details, Page 4

## Mubarak Israeli visit unlikely before Egypt regains Sinai

BY DAVID LENNON IN TEL AVIV AND ANTHONY McDERMOTT IN CAIRO

THE PROMISED visit of President Husni Mubarak of Egypt to Israel looks less and less likely to take place—at least before Israel hands back the final part of Sinai on April 26—because of the President's reluctance to visit Jerusalem.

Mr Yitzhak Shamir, the Israeli Foreign Minister, failed during a visit here last week to arrange a date, and negotiations between the two governments are continuing. Egyptian officials have indicated that their government will not be drawn into what they see as efforts to link a visit to Jerusalem, which the Israeli parliament voted in 1980 to annexe, with the withdrawal from Sinai, which, barring any big political crisis in the region, is virtually irreversible under the terms of the Camp David accords and the peace treaty.

"If President Mubarak insists on his refusal to include Jurusalem on his trip to Israel, then we will have to give up on the idea of this important visit," an official Israeli cabinet announcement declared yesterday.

This affair will heighten Israeli suspicions about the direction of the new President's policy on Israel. It could hardly have come at a worse time, only two months before the final Israeli withdrawal from Sinai.

A tense and potentially explosive situation developed in the Jewish settlements in Sinai yesterday after the Israeli army reinforced its road blocks to stop Israeli extremists entering the region. The militant settlers and their supporters are attempting to prevent the Israeli hand-over of the area to Egypt in April.

The army sealed off all routes into Sinai on Friday evening after Mr Ariel Sharon, the Defence Minister, received reports that the militant movement to stop the withdrawal from Sinai was planning to move 20,000 of its supporters into the settlement this week. He acted with full Cabinet support.

The Israeli colonies built in northern Sinai in the 1970s are due to be evacuated before the final withdrawal. Many of the original settlers have already left but extremist Israelis have been moving into abandoned homes

They hope their presence will prevent the hand-over of eastern Sinai. Some of them have vowed to fight Israeli soldiers if the army tries to remove them by force. Their threats have increased pressure on the Government to take action to prevent the situation deteriorating.

Settlers who put up a barricade to stop the army from entering the Yamit urban settlements were persuaded to dismantle it by Gen Rafael Eitan, the chief of staff.

Elaborate systems of barbed wire concertina barriers, anti-vehicle nails and other equipment were set up by the army at five points of entry to Sinai and the Gaza Strip. Large numbers of soldiers and police manned the check-points and permitted only residents of the Sinai settlements and the Gaza Strip, and tourists, to enter the closed area.

The settlers reacted to what they called the "seige" with threats of violence, epithets were shouted and some put on yellow stars of David, reminiscent of the badge Nazis forced the Jews in Europe to wear.

## Wytch Farm sale delayed

By Ray Dafter, Energy Editor

BRITISH GAS CORPORATION has told the Government that it will have to wait until well into the 1982-83 financial year before the sale of the Wytch Farm oil assets in Dorset can be completed. The sale is expected to raise over £200m.

Mr Nigel Lawson, Energy Secretary, had asked the corporation to complete the sale by the end of this month.

British Gas has told him that it is impossible to carry out a full independent survey of the assets and negotiate the sale until later this year.

It is another disappointment for Sir Geoffrey Howe, the Chancellor, who is faced with falling North Sea oil revenues as a result of price reductions, and a changing view of the worth of oil assets soon to be sold to the public. These include 51 per cent of the oil exploration and production interests in British National Oil Corporation and British Gas Corporation's North Sea oil interests.

The Wytch Farm sale is attractive to the Government because it can be accomplished quickly, without the need for a special Bill. Also, the assets will probably be sold by tender, to the highest bidder, rather than through a fixed price share sale, as in the case of Amersham International, the radioactive materials producer whose disposal has sparked a major row.

British Gas, which has not hidden its dislike for the sale, has told the Energy Select Committee of the Commons that the corporation's interests could be worth £450m. The sale includes not only the corporation's 50 per cent stake in the Wytch Farm field but also its interests in prospective acreage around the discovery.

The sale could raise between £180m and £270m on a calculation using a discount rate of 5 per cent in real terms, according to a report published yesterday by stockbrokers Wood, Mackenzie. The value would be only £130m to £190m if a 10 per cent discount rate, used in North Sea transactions, was chosen.

**THE Government intends to introduce a guillotine on Commons discussion of the Oil and Gas (Enterprise) Bill. There has so far been 54 hours of discussions on the Bill which proposes to sell off North Sea oil operations and open up some British Gas operations to competition. Back Page**

## Bundesbank hits at competitive devaluation

BY JONATHAN CARR IN BONN

THE DEUTSCHE Bundesbank has warned of the dangers of competitive currency devaluation, and stressed that parity changes in the European Monetary System should be made only as a last resort.

The warning came in a weekend speech by Herr Karl Otto Poehl, the Bundesbank president. He rejected the idea that West Germany might introduce capital controls to shield itself from the impact of high U.S. interest rates.

Herr Poehl's comments were seen as a reaction both to the realignment in the EMS last weekend and to the Franco-German summit meeting in Paris, when ways of "de-coupling" Europe from U.S. interest rates were discussed.

Above all, they are felt to reflect concern that the devaluation of the Belgian franc for the first time formally since 1949, as well as the Danish krone, might signal the start of a chain reaction of devaluation aimed at improving trade competitiveness.

Herr Poehl stressed that devaluation was a double-edged sword. Experience showed that any benefit which it brought on the export side was swiftly consumed by spiralling domestic wages and prices.

He agreed that parity changes in the EMS were unavoidable from time to time. But if they came ever more often, and involved ever larger percentage changes (last weekend's was the fifth realignment since the EMS began in 1979), they undermined the advantages of the system.

The economic performances of the member-States would diverge still further, and above all the gap in inflation rates would grow.

He was optimistic about the D-Mark, saying that the economic fundamentals, not least the cut in West Germany's current account deficit, spoke for a strengthening of the German currency.

There was a general conviction that the D-Mark was greatly undervalued, above all against the dollar, and that this would be corrected sooner or later.

He underlined that the improvement in West Germany's economic performance had already allowed a fall in domestic interest rates to levels at times more than 6 percentage points below U.S. dollar rates.

West Germany had thus already gone a long way to "de-coupling" itself from U.S. rates, Herr Poehl stressed, and it was quite wrong to suggest that the Bundesbank had become a "slave of American monetary policy."

The central bank could not ignore the fact that interest rate differentials played a role in capital movements, but imposition of capital controls was no answer to this.

"There is only one way to de-couple ourselves more than we have already done from U.S. interest rates, and that is through discipline on costs and improvement of our competitiveness," he said.

A joint statement on Thursday, after the Franco-German summit meeting in Paris, spoke of the serious economic impact of high U.S. rates, and said both countries would act to "master" the situation.

This was widely interpreted on the currency markets as implying that new capital controls might be in the offing. However, Government officials in Bonn, as well as Herr Poehl, have underlined that this is not the case.

## Labour drops Mulley

BY OUR POLITICAL CORRESPONDENT

MR FRED MULLEY, the former Labour Defence Secretary, last night became the most senior Labour figure to fall victim to the party's new selection procedures.

His local party of Sheffield Park failed to re-select him as its candidate, and chose instead a leftwinger, Mr Richard Caborn, Sheffield's European MP.

Mr Mulley, 63, joins six other Labour MPs who have been dropped by their local parties. His fate will add to the insecurity of other Labour moderates facing reselection and will raise the whole question of a local party's right to select its own MP. It will also reinforce the message to older MPs that the days of deferential constituency parties are numbered.

Mr Caborn put his name forward for selection despite a request from Labour's National Executive Committee to MEPs not to stand against sitting MPs, in the interest of party unity. Moderates may try to claim that Mr Caborn was breaking the rules, but they seem unlikely to be able to make the charge stick. It therefore looks as if Mr Mulley's political career has been brought to an end after 32 years.

Mr Mulley, who was ill recently, has been at odds with his local party for some time—

Continued on Back Page

# 14% rise last year for highest paid directors

BY JAMES McDONALD

BRITAIN'S highest-paid directors received a median pay rise of 14 per cent last year, about the same as in 1980, says the Charterhouse Group study of directors' remuneration.

But that figure "disguises a very wide spread."

The group looked at more than 1,000 companies reporting in the 12 months to September. Over a quarter of them raised the salary of their highest-paid directors by 21 per cent or more.

About 250 raised it by 5 per cent or less.

A further 167 companies reduced remuneration of their highest-paid directors, and 27 showed no change.

"Whilst some of the apparent reductions may be due to a change in the top director during the year, many of the reductions will be due to a fall in bonus payments resulting from a fall in company profits," says the study.

About 80 per cent of the 1,000 companies said that one or more of their directors had a service contract of over 12 months.

Unlike its previous study, the Charterhouse report says the number of companies with executive share plans remains unchanged, at about 20 per cent.

"But interest in employee share plans grew, reflecting the benefits of recent tax concessions.

"The number of companies with Save As You Earn option plans increased from 4.7 per cent to 8.5 per cent, and all employee profit-sharing plans rose from 5 per cent to 10.6 per cent of the companies surveyed."

Larger companies with an annual turnover of £100m or more favour employee share schemes more than smaller organisations, the report notes.

Pensions remain the most costly benefit to directors

*Directors' Remuneration, Monks Publications, Debden Green, Saffron Walden, Essex; £25.*

**COMPANIES WITH A CHAIRMAN OR OTHER DIRECTOR(S) EARNING OVER £100,000 A YEAR**

| Company | Chairman | Highest paid director |
|---|---|---|
| | £ | £ |
| BOC | 121,000 | 477,100 |
| Shell | 151,020 | 225,163 |
| Lonrho | — | 224,938 |
| Heron Corpn. | 207,000 | — |
| ACC | 203,630 | — |
| BP | 143,334 | — |
| Lucas | 127,145 | — |
| Plessey | 105,682 | 139,937 |
| ICI | 134,853 | — |
| Racal Elec. | 103,488 | 117,476 |
| Pearson Longman | — | 117,221 |
| BAT | 116,336 | — |
| Beecham | 115,157 | — |
| Lex | 109,830 | — |
| Esso | 108,000 | — |
| Gill & Duffas | — | 105,000 |
| Imp. Cont. Gas | — | 103,000 |
| Geers Gross | — | 103,000 |
| Burton Group | — | 101,000 |

NB—The chairman column is left blank if his earnings are less than £100,000 and so also is the highest paid director column. Company reports do not provide a separate figure for the highest paid director if the chairman is the highest paid director.

# BL insurance option

BY KENNETH GOODING

BL CARS announces two customer support schemes today which will enable its dealers to offer packages similar to some already available through competing networks.

The first is an optional insurance called Supercover Plus which car and van-buyers can take to cover their vehicles in the second and third year's motoring.

Premiums start at about £70 for second-year cover on a Mini or Metro for up to 30,000 miles, and apart from replacement of major mechanical components also cover car hire, European travel and AA membership entitlement.

The second scheme involves a credit card backed by Lloyd's Bank called Advance which can be used at any participating BL dealer in the UK. Interest on unpaid sums is the same as on major credit cards, equivalent to 30.61 per cent a year.

# Lloyd's split by moves to tighten regulation

By John Moore, City Correspondent

A ROW is set to break out between Lloyd's insurance brokers and officials responsible for running the Lloyd's insurance market.

They face a clash over the new regulatory requirements for Lloyd's insurance brokers, which the market is seeking to impose once Lloyd's new legislation becomes law.

A consultative document, prepared by Lloyd's officials, has been circulated to the *Lloyd's Insurance Brokers* Committee. It details the plans for the future regulation of insurance brokers and it has provoked a storm of argument among the brokers.

Some brokers are openly opposed to increased regulation in the market and are considering separating their non-Lloyd's broking interests into new subsidiary companies which will allow the proposed rules to be circumvented.

Other brokers warn that greater regulation will lead to less business being placed in the Lloyd's market, and *an increase in costs and premiums* for whatever business is placed. Already some of the major brokers are reducing their business flows to the Lloyd's market.

Meanwhile, the new Lloyd's legislation for improving the market's self regulation faces stiff opposition in its remaining stages in Parliament. The Lloyd's Bill is due to go before the Lords, but two parliamentary petitions seeking major changes in the legislation are expected to be lodged in the next few weeks.

One petition to be lodged by Alexander Howden Group, a major Lloyd's broker which was taken over by Alexander and Alexander, the world's second-largest broker — will seek to prevent the compulsory sale of brokers' shareholdings in Lloyd's underwriting interests.

The other petition, lodged by interests of Mr Malcolm Pearson, chairman of a small Lloyd's broker, will seek to remove a clause from the Bill which grants a new Lloyd's council an immunity from suits for damages by any of its members.

Both petitions will be heard by a Lords committee.

# Ending council rates 'would reduce RPI'

BY ROBIN PAULEY

DOMESTIC and non-domestic rates should be abolished, cutting 3 per cent off the retail price index "at a stroke," according to Mr Christopher Johnson, group economic adviser to Lloyds Bank.

Mr Johnson, writing in the Lloyds Bank Economic Bulletin, says the UK levies a much higher proportion of total tax revenues in the form of property taxes than other countries. The Organisation for Economic Co-operation and Development average is about 5 per cent compared with 12 per cent in the UK and 10 per cent in the U.S.

He proposes the total rate *income—£5.5bn from domestic* rates in 1982-83 plus £1bn in water charges plus £7bn in non-domestic rates—could be replaced by assigning a portion of national income tax to cover local government expenditure. This need not affect local autonomy, Mr Johnson says.

Income from domestic rates could be replaced by increasing income tax by 3p in the pound and abolishing mortgage interest relief. *Non-domestic* rates income could be replaced by £3bn worth of cuts in business subsidies and increases in corporation tax and £1bn of extra fees and charges by councils. The Government is known to be opposed to all such alternatives.

Rates bills are lower in Labour-controlled areas of England than Conservative, according to the second stage of a study of rate bills by Mr Jack Straw, MP for Blackburn and an opposition Treasury spokesman.

Overall, the average rate payments in the 54 shire counties, metropolitan districts and London boroughs are £4.70 a week compared with £4.95 a week in the 47 Conservative-controlled authorities.

In the 27 Labour-controlled metropolitan districts rate payments average £4.48 compared with £5.16 in the six Tory-controlled districts. In the 14 Labour - controlled London boroughs, average rate payments are £8.42 a week, on the other hand, against £6.90 in the Conservative boroughs.

In January Mr Straw published figures showing the rate *bills in shire counties to be* lower in Labour-controlled areas than Conservative.

# Changes in Scottish bankruptcy law urged

By Mark Meredith, Scottish Correspondent

SIGNIFICANT CHANGES in Scottish bankruptcy law have been proposed by the Scottish Law Commission.

The report says *that the idea* that the debtor is necessarily at fault is no longer the main perspective of the law.

Misfortune is as likely as dishonesty to account for bankruptcy, it says. Under the proposals the "honest bankrupt" would not necessarily undergo the ordeal of a public examination.

Deficiencies it seeks to make good are: Protection of the bankrupt's state in the interval between sequestration and trustee appointment; a trustee to be appointed in every sequestration, and investigation and administration of the bankrupt's estate pursued to a proper conclusion; and every bankrupt in due course to receive a discharge.

*Scottish Law Commission: Report on Bankruptcy and Related Aspects of Insolvency and Liquidation. HMSO. Paper 176; £14.90.*

# Heseltine advises Cabinet colleagues on efficiency

BY PETER RIDDELL AND ROBIN PAULEY

MR MICHAEL HESELTINE, Environment Secretary, has given his cabinet colleagues a teach-in on improving departmental efficiency.

He was invited to give the seminar by Mrs Margaret Thatcher after describing how he runs the Environment Department through Minis, his management information system.

This identifies and costs manpower and its functions at all levels in all divisions. It is the most advanced attempt by a government department to "get a *grip*" on the staff and functions.

## Emphasis

The Minis team is now trying to change Minis into a full management accounting *system.*

Mr Heseltine has put considerable emphasis on his work as a department manager as well as a policymaker. Some of his colleagues seem to have been less than enthusiastic about the seminar, feeling they do quite well running their departments without Minis.

The seminar was part of the efficiency strategy for 1982 announced last year by Lady Young, the minister responsible for the day-to-day running of the Civil Service.

It was attended by the minister, permanent secretaries and officials from the 11 departments covered by the scrutiny programme.

This is a development of the efficiency exercises carried out by Sir Derek Rayner, the Prime Minister's adviser on waste and bureaucracy in Whitehall.

None of his colleagues has copied the Minis system so far, but Mr Heseltine's style of management is likely to receive further support.

A subcommittee of the Commons Treasury and Civil Service Committee has concluded its inquiry into civil service efficiency and effectiveness. Its report, to be published soon, is expected to favour Minis and recommend all ministers to adopt it or something equivalent.

# Looking for the next big boom in broadcasting

## The Government is under pressure to decide on cable and satellite TV. Guy de Jonquieres reports

"THE MOST important thing that this Government can do this year is to settle the future of cable television," Mr Kenneth Baker, Minister for Information Technology at the Industry Department, is reported to have told a private businessmen's dinner recently.

That may be hyperbole. But a growing number of business interests is applying pressure on the Government to amend its policies to permit the rapid development of cable television and its close relation, satellite broadcasting.

The Prime Minister's panel of information technology advisers believes that private *investors are so keen to get into* the business that they would willingly provide the estimated £2.5bn required to extend cable systems to half of Britain's households.

Experience in the U.S., where cable television was de-regulated in the early 1970s, supports that optimism. The number of U.S. households connected to cable services has doubled to 18m since 1975, and bidders have been falling over themselves to pay as much as $2,000 per subscriber to buy existing cable networks.

In Britain, about 2.6m households are linked to cable, and a further 2m houses could easily be added to existing systems. *But Government policy prevents* cable operators from distributing anything other than programmes broadcast by licensed organisations. Although a dozen regional trials of subscription *television*, offering a wider range of programmes, were authorised last year, the experiment is considered too limited to provide an incentive to invest in new systems.

As a result, the UK cable business has stagnated, and rising costs are squeezing operators' margins. The report by the Prime Minister's panel of experts estimates that, on current trends, the number of UK cable subscribers will fall by 20 per cent in the next five years and systems will be forced to close.

By allowing cable operators to offer any services, the report argues, the Government would open the floodgates to new investment. *It could also* provide a ready-made market for direct satellite broadcasting, which has not been authorised by the Government but is expected to start in 1986.

*Viewers can receive satellite* broadcasts by installing dish aerials on their roofs But the report says such aerials will be expensive to buy (about £900) and difficult to align. It says it would be cheaper and more efficient to beam the broadcasts to large stations on earth and distribute them by cable.

If cable were de-regulated, much of the initial demand by viewers would probably be for entertainment programmes. But the report forecasts that a much wider range of *material*—including educational programmes, local news, special interest features and commercial advertising—would soon be required.

*The report also foresees* a big market for two-way communications services on cable, which would enable subscribers to interrogate central computers through simple home terminals. Such services could include electronic shopping and banking from home, and security systems to alert police to attempted burglaries of unoccupied houses.

In the U.S., cable systems can provide as many as 100 television channels. But technology recently developed in the UK would make possible a vast number of channels through a series of switching systems, similar to telephone exchanges.

Switched cable systems would enable subscribers to receive programmes and information on demand from a central electronic storage file. In the longer term, the technology could also provide two-way video and audio communications between subscribers in different parts of the country.

The Home Office has defended restrictions on cable television on the grounds that it was necessary to protect the BBC's revenues and to preserve the integrity of broadcasting. But the report argues that the BBC could not lose financially and stands to gain from the sale of programme material.

It also rejects the argument —advanced both by the Home Office and by the Annan Report on broadcasting several years ago — that greater competition would lower quality of broadcasting. Cable television operators want a self-regulation of their operations, but the report leaves open the possibility of a statutory supervisory body.

# Commons and Lords business this week

**TODAY**

**Commons:** Travel concessions (London) Bill, remaining stages. Northern Ireland motions. Agricultural Training Board Bill and Industrial Training Bill.

**Lords:** News Towns Bill, Third Reading. Civil Jurisdic*tion and Judgments* Bill, Report. Mental Health (Amendment) Bill.

**Select Committees: Home Affairs: Sub-Committee on Race Relations and Immigration:** subject — National Health Service treatment of overseas visitors. Witnesses: Rt Hon Norman Fowler MP, Secretary of State for Social Services (Room 15, 11 am).

**Energy:** subject—combined heat and power. Witnesses: District Heating Association, Basingstoke and Deanborough Council; Mr L. Grainger (Room 8, 4.30 pm).

**Public Accounts:** subject—fees paid to works consultants. Witnesses: Sir Kenneth Stowe, Department of Health and Social Security; Mr Alfred, Property Services Agency; Mr Rennie, Scottish Home and Health Department; Mr T. P. Hughes, Welsh Office (room 16, 4.45 pm).

**Treasury and Civil Service:** subject—Supplementary Estimates Class II, Vote 12, Budget of the European Communities. Witnesses: H.M. Treasury and Foreign Office officials (room 15, 4.45 pm).

**TOMORROW**

**Commons:** Supply debate on the adverse effect on the consumer of deliberate Government policy to increase gas prices by 23 per cent, followed by a debate on the situation in Central America. Vote on outstanding Votes and Supplementary Estimates.

**Lords:** Northern Ireland *Orders. Civic Government (Scotland)* Bill: Report.

**Select Committees: Environment:** subject—inquiry into methods of financing local government in the context of Government Green Paper (Command 8449). Witnesses: R. Jackman, London School of Economics; The Royal Institute of Chartered Surveyors (room 16, 4.00 pm).

**WEDNESDAY**

**Commons:** Canada Bill, Committee.

**Lords:** Debate on situation of less developed countries, followed by debate on planning permission for development unjustly given by Beverley District Council on land bought next to Beverley Minister.

**Select Committees: Defence:** subject—Ministry of Defence organisation and procurement. Witnesses: Electronic Engineering Association; Mr F. E. C. Gregory and Dr J. Simpson, Southampton University (room 15, 10.30 am).

**THURSDAY**

**Commons:** Coal Industry Bill, remaining stages. Motions on Mineworkers Pensions Scheme and Redundant Mineworkers Concessionary Coal Orders.

# WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—

BOARD MEETINGS—

DIVIDEND & INTEREST PAYMENTS—

TOMORROW

WEDNESDAY MARCH 3

THURSDAY MARCH 4

FRIDAY MARCH 5

SATURDAY MARCH 6

SUNDAY MARCH 7

# BUSINESSMAN'S DIARY

## UK TRADE FAIRS AND EXHIBITIONS

| Date | Title | Venue |
|---|---|---|
| Current | International Light Show (0248 88396) (until Mar 4) | Olympia |
| Mar 1-4 | Hydraulics and Pneumatics Exhibition (01-839 5041) | NEC, Birmingham |
| Mar 2-6 | International Production Engineering and Productivity Exhibition and Conference (01-747 3131) | Olympia |
| Mar 4-7 | National Glazing Exhibition (01-686 2599) | Cunard International |
| Mar 7-9 | Footwear and accessories show (01-739 2071) | Exhibition Centre, Harrogate |
| Mar 9-13 | The Business Enterprise Show (01-636 3716) | NEC, Birmingham |
| Mar 9-20 | Chelsea Antiques Fair (0727 56069) | Old Town Hall |
| Mar 9-Apr 3 | Daily Mail Ideal Home Exhibition (01-222 9341) | Earls Court |
| Mar 14-17 | International Glass and Glass Technology Exhibition—GLASSEX (0378 77966) | NEC, Birmingham |
| Mar 14-18 | Autoquip Exhibition (01-235 7000) | Olympia |
| Mar 14-16 | The London Shoe Show (01-739 2071) | Kensington Exbn Centre, W8 |
| Mar 22-26 | London Fashion Exhibition (01-385 1200) | Olympia |
| Mar 25-26 | Wine Fair (0734 481713) | *New Horticultural Hall,* Westminster |
| Mar 25-Apr 2 | Metalworking '82 Exhibition (0737 68611) and International Metalcutting Machine Tools Exhibition (01-402 6671) | NEC, Birmingham |
| Mar 28-Apr 1 | British Exhibition of Fine Jewellery and Sterling Silver (01-493 7628) | Goldsmith's Hall, London |
| Mar 29-Apr 1 | International Diecasting *Exhibition (0727 63213)* | NEC, Birmingham |
| Mar 29-Apr 1 | Audio Visual Exhibition (01-688 7788) | Wembley Conf. Centre |

## OVERSEAS TRADE FAIRS AND EXHIBITIONS

| Date | Title | Venue |
|---|---|---|
| Current | *International Fair (01-734 0543)* (until *Mar 3*) | Frankfurt |
| Mar 2-6 | Construction Indonesia '82 (01-486 1951) | Jakarta |
| Mar 6-9 | Winter Sports Equipment Exhibition (01-439 3964) | Grenoble |
| Mar 7-10 | International Fashion Trade Fair — IGEDO (01-409 0956) | Dusseldorf |
| Mar 7-14 | International Agricultural Exhibition (01-439 3964) | Paris |
| Mar 11-21 | Household Appliance Trade Fair (01-486 8686) | Sao Paulo |
| Mar 16-19 | *Shipcare Exhibition* (08833 6155) | Hamburg |
| Mar 16-21 | Brighter Homes and Do-It-Yourself Exhibition (Dublin 694022) | Dublin |
| Mar 18-23 | Woodworking Machinery Exhibition (01-439 3964) | Paris |
| Mar 18-26 | Petroleum Show (01-486 1961) | Peking |
| Mar 21-25 | Middle East Business Equipment Show (01-486 1951) | Bahrain |
| Mar 23 | International Computer Conference and Exhibition (01-994 6477) | Frankfurt |
| Mar 23-27 | International Energy and Engineering Trade Fair (01-236 0911) | Stuttgart |

## BUSINESS AND MANAGEMENT CONFERENCES

| Date | Title | Venue |
|---|---|---|
| Mar 1-2 | FT Conference: The Fourth World Motor Conference (01-621 1355) | Geneva |
| Mar 3 | DIBC (UK): The credit analysis of international banks (01-788 5126) | City Conference Centre, EC3 |
| Mar 4 | LCCI: Conference on West Germany (01-248 4444) | Cannon Street, EC4 |
| Mar 4-5 | International Commercial Arbitration Symposium (08 231200) | Stockholm |
| Mar 8-9 | AMR/Euromoney: Aerospace International Shipping Financing Energy Techniques (01-262 2732) | London Press Centre |
| Mar 10-12 | Esomar: Profitable co-operation of manufacturers *and retailers (020 444995)* | Munich |
| Mar 11-13 | Summit Conference and Exhibit Group: 5th Symposium on Crime in Business (04912 3675) | Churchill Hotel, W1 |
| Mar 15-18 | IPM: The Elements of Salary Administration (01-946 9100) | Embassy Hotel, W2 |
| Mar 17 | Institute of Credit Management: National Conference (0990 23711) | Hilton Hotel, W1 |
| Mar 17-18 | FT Conference: European Pulp and Paper in the 80s (01-621 1355) | Finlandia Hall, Helsinki |
| Mar 18 | Institute of Marketing: Action for Recovery Conference (01-680 7525) | Hilton Hotel, W1 |
| Mar 18-19 | London Export Conferences: Nigeria—Future Programmes (0822 3577) | Churchill Hotel, W1 |
| Mar 18 | Institute of Marketing: National Conference (06285 24922) | Hilton Hotel, W1 |
| Mar 20 | University of Reading: Strategic Factors in the Growth of International Business (0734 85123) | Reading |
| Mar 22 | Oyez-IBC: European Symposium on the Candu Reactor (01-242 2481) | Portman Hotel, W1 |
| Mar 23 | IPS: Currency Differentials (0990 23711) | Midland Hotel, Manchester |
| Mar 25-27 | The Institute of Administrative Management: Administration of the Future (01-658 0171) | [illegible] |

# Japanese exporters of video equipment see weaker markets

BY RICHARD C. HANSON IN TOKYO

JAPAN'S video tape recorder industry, which dominates the world market, is passing through, by its standards, a period of belt tightening.

Production growth is expected this year for the first time to fall below the yearly doubling of output seen in recent years. The big manufacturers are adopting cautious strategies while the market sorts itself out.

The main cause of worry in the industry is that lower than expected demand in the latter part of 1981 combined with rather over optimistic production evels. This resulted in unusually high post-Christmas inventories.

In the U.S. stocks are believed to be runing equal to four months of sales. Europe, which is the biggest market and Japan, are estimated to have inventories amounting to 2.5-3 months and "more than two months" of sales respectively.

The biggest producers—Matsushita Electrical Industrial, JVC and Sony — appear to be doing relatively better than the half dozen or so smaller producers. Companies which depend heavily on non-brand sales, in the U.S. are probably most heavily burdened by inventories.

Last year, production in Japan rose by 114 per cent to 9.5m units, a rate of growth to which the industry has been accustomed since the mid-1970s. The latest estimate for 1982, is that production will rise by about 28 per cent to slightly more than 12m sets, according to the normally conservative industry association.

Officials at Sony, Matsushita and JVC tend to view the growth in inventories as a temporary development and expect a gradual improvement as spring approaches and new models become available.

Sony thinks demand for its new "mass market" models in the U.S. this year will increase steadily but it has lowered the price on these models from over $1,000 to $895.

The group added last year up to 50,000 units in its monthly capacity, bringing its total to 250,000 units per month, a level it expects to maintain for the coming months.

Matsushita also expects production, running at 200,000-250,000 per month to remain flat at least until the second half of the year.

JVC, which claims that demand from Europe is still boosting its sales, plans to lift monthly production from 200,000 units per month, compared with 100,000 a year ago, to 250,000 units by next autumn.

# Dunlop in China protocol

BY COLINA MacDOUGALL

DUNLOP has signed a protocol with China's Guangzhou Rubber Bureau giving it exclusive long-term co-operation with the rubber industry in the south China city of Guangzhou (Canton).

This is the first stage in what the company hopes will be a mutually beneficial relationship. The preliminary protocol is expected to be followed soon by agreement on a specific project.

Co-operation is expected to involve the provision of technical know-how

## World Economic Indicators

FOREIGN EXCHANGE RESERVES (U.S.$m)

| | Dec. '81 | Nov. '81 | Oct. '81 | Dec. '80 |
|---|---|---|---|---|
| U.S. | 9,774 | 10,732 | 10,411 | 10,134 |
| UK | 12,810 | 13,114 | 12,796 | 18,748 |
| France | 19,976 | 19,518 | 19,464 | 25,338 |
| W. Germany | 39,638 | 40,443 | 40,166 | 43,881 |
| Japan | 24,716 | 25,035 | 24,775 | 21,567 |
| Italy | 18,617 | 17,020 | 17,291 | 21,652 |
| Belgium | 3,767 | 4,110 | 3,934 | 6,565 |
| Netherlands | 8,071 | 7,961 | 7,581 | 10,434 |

Source: IMF

SHIPPING REPORT

# Dry cargo markets 'nightmare'

By Andrew Fisher

Prospects for shipowners in dry cargo markets in the next few years are "nothing short of a nightmare" as a large volume of new tonnage comes onto the market, according to a London firm of shipbrokers.

In some trades, say Simpson Spence and Young in a review of the sector, freight rates do not even pay voyage costs for bunkers and port charges, let alone contribute towards operating costs.

The review cites a current freight rate for shipping 600,000 tons of coal from Hampton Roads on the U.S. East Coast to Holland of about $6 a ton against $14.75 in January 1981.

A big move towards laying up ships rather than trading them on the market is now starting. But while this will reduce the supply of tonnage, a large amount of new ships are coming on the market.

In 1982, says the shipbroking firm, 158 bulk carriers of 40,000-90,000 deadweight tons, totalling 9.2m dwt, are due to be delivered. In the size range above 100,000 dwt, 42 vessels totalling 6m dwt are due.

This will give the market an extra cargo-carrying capacity of some 105m tons in the bulk carrier sizes of over 40,000 dwt, assuming seven voyages a year. But the rise in trade in the chief dry bulk cargoes was only about 12m tons last year, says Simpson Spence.

# Russia, Italy tractor deal

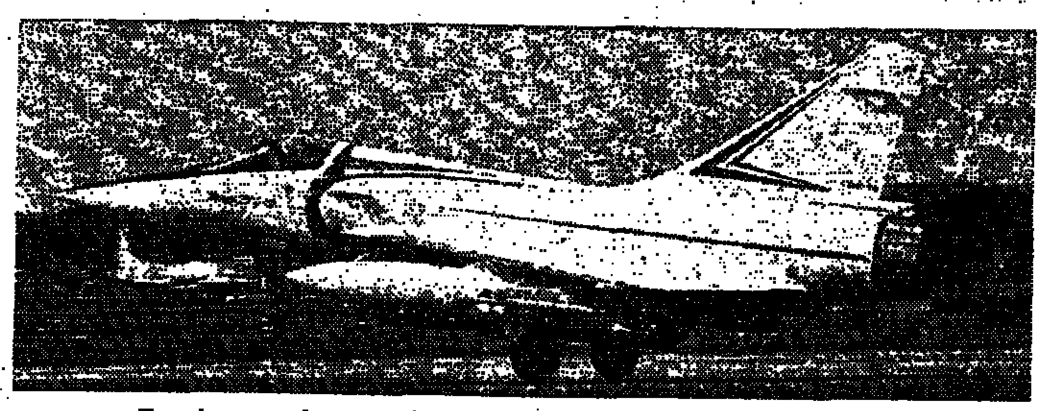
By James Buxton in Rome

THE Soviet Union has acquired a 10-year licence to produce Italian self-propelled cultivators and small tractors. The machines involved are made by Goldoni, based near Modena in northern Italy and are of the kind used extensively in Italian peasant farming.

Under the licence agreement, the value of which has not been disclosed, the Soviet Union will be allowed to make 35,000 eight horsepower cultivators and 15,000 18 hp tractors a year.

David Housego in Paris examines the reasons for arms exports success

# Mirage sales give France edge over Britain



French arms sales strength comes from such aircraft as the Mirage 2000

M MARC CAUCHIE does not relish his new label as France's chief arms salesman. As he points out, he was until recently proud to be in charge of co-operation over arms production with Britain, West Germany and other Nato allies. He has taken over as Director of International Affairs and, hence, as head of military sales in the Ministry of Defence's equipment procurement organisation at a difficult moment.

France's export of arms has leapt over the last decade to deliveries in 1980 of FFr 25bn (£2.5bn) — 5 per cent of total French exports — and orders of FFr 35bn. Orders were still "good" last year, he claims, but down on 1980.

But the pace of growth of arms exports by industrialised countries is slowing down. In the 1960s there was a spurt of new countries achieving independence, but they have now made their major arms purchases. "Thus the market is certainly saturated," he says. In the longer term newly industrialising countries will increasingly manufacture and export arms themselves.

France's defence sales organisation is admired and envied by many British officials. But M Cauchie does not agree that France's success in overtaking Britain as an arms exporter has been due to salesmanship. He puts it down to France's aeronautical industry and the development of a successful fighter plane, the Mirage.

"If you take out British and French air sales from overall export sales," he says, "you will arrive at about the same figure. (Aerospace equipment accounted for 75 per cent of arms export orders in 1979, though probably a lower proportion in 1980.) Thus our sales organisations are equal. The difference is that the British did not have a successful fighter plane in the 1960s. Dassault (the manufacturer of the Mirage) had a success and that has made the difference over 20 years. But otherwise . . . I often wish we had the British sales organisation."

A serious setback for France last year was the U.S. decision to cancel orders for the Franco-German Roland ground-to-air missile. M Cauchie was not surprised. "I have never believed in the two-way street," he says, referring to the joint U.S.-European understanding under which transfers of technology and equipment should flow in both directions. M Cauchie says the risk for the U.S. of depending on Europe for major items of equipment is too great because, in time of war, Europe could be occupied. The U.S. should have seen from the start that the "two-way street" was not possible.

The only example of a successful exchange, he maintains, was the British Harrier jump jet. But this was a case of specialist equipment for a specialist force — the U.S. Marines.

In the case of the Roland, M Cauchie says the U.S. "has practically taken our technology for free." Licence payments were to have been collected from the massive orders envisaged, but in the end there were no orders.

M Cauchie, 57, an armaments engineer, took up his post eight months ago after the change in government. Initial inhibitions by the Socialists over arms exports have effectively disappeared under the exigencies of increasing export earnings.

The French are now putting a major sales effort into securing new orders for the Mirage 2000 advanced fighter. Production has, however, fallen behind schedule. The French armed forces for reasons of economy have cancelled 15 of the 40 initially ordered for delivery over the next two years and problems over the radar equipment still remain.

M Cauchie holds out hopes of sales to India and Greece in addition to Egypt which is buying 20 aircraft. He denies the suggestion, widely made, that production was originally planned on the basis that for every aircraft sold to the French Air Force, two more would be exported.

Indeed, he does not accept the view that much French defence production is based only on manufacturing what is marketable abroad. The British Chiefs of Staff, he suggests, are increasingly under pressure to order equipment that is exportable. French practice, he insists, is for the Chiefs of Staff to state their operational requirements. These do not necessarily tally with what is most suitable for export.

Further, he rejects criticism that French arms exports rest on too limited a range of products—the Mirage range of aircraft, the Crotale missile and the AMX-30 tank, above all. France always has had a restricted range of products, he insists, and has exploited the good ones. "We are not going to multiply the range of products for which we don't see any purpose simply because we have the possibility of exporting them."

Responding to an oft-made allegation that French arms manufacturers hold down the price of a basic model but inflates the price of spare parts or additional equipment, he says that sales are made by industrialists, not the French Government. "I don't know of any industrialists in the world who are philanthropists—neither the Americans, the British or the French."

In spite of his change of job, M Cauchie still remains a strong advocate of increased European co-operation over arms manufacture. His personal view is that the initial response of Britain, France and West Germany to the problems posed by the growing costs of military technology and of the difficulties of their economies will be to retreat into their own corners, shunning co-operation.

But in a few years, he argues, they will see that they cannot go it alone. In the 1970s European nations combined voluntarily over arms production. Next time, however, it will be imposed on them by a "combination of economic difficulties and the growing costs of weapons systems."

# S. Korea adopts French technology for N-programme

BY ANN CHARTERS IN SEOUL

SOUTH KOREA has unequivocally adopted French technology for the next phase of its nuclear development programme.

This became clear following the recent decision to award Alsthom-Atlantique the $486m contract for turbine generators and auxiliary components to be used in its ninth and tenth nuclear power plants.

Thirteen nuclear power plants are planned in the South Korean programme, and bids may soon be sought for a further two plants.

The Alsthom-Atlantique contract complements the award in November, 1980, of a nuclear steam supply system contract for the plants to Framatome, the leading French nuclear plant company and a subsidiary of Creusot-Loire.

Alsthom-Atlantique is the heavy engineering arm of Compagnie Generale d'Electricite, the state-owned group.

But the shift to French technology for these particular plants, following previous and heavy reliance on U.S. technology, has raised questions about the South Korean decision.

When Framatome won its contract, nuclear industry executives thought the contract for the conventional equipment had also gone to France. But Korea Electric Power Corporation (Kepco) evidently changed its mind and sought international bids.

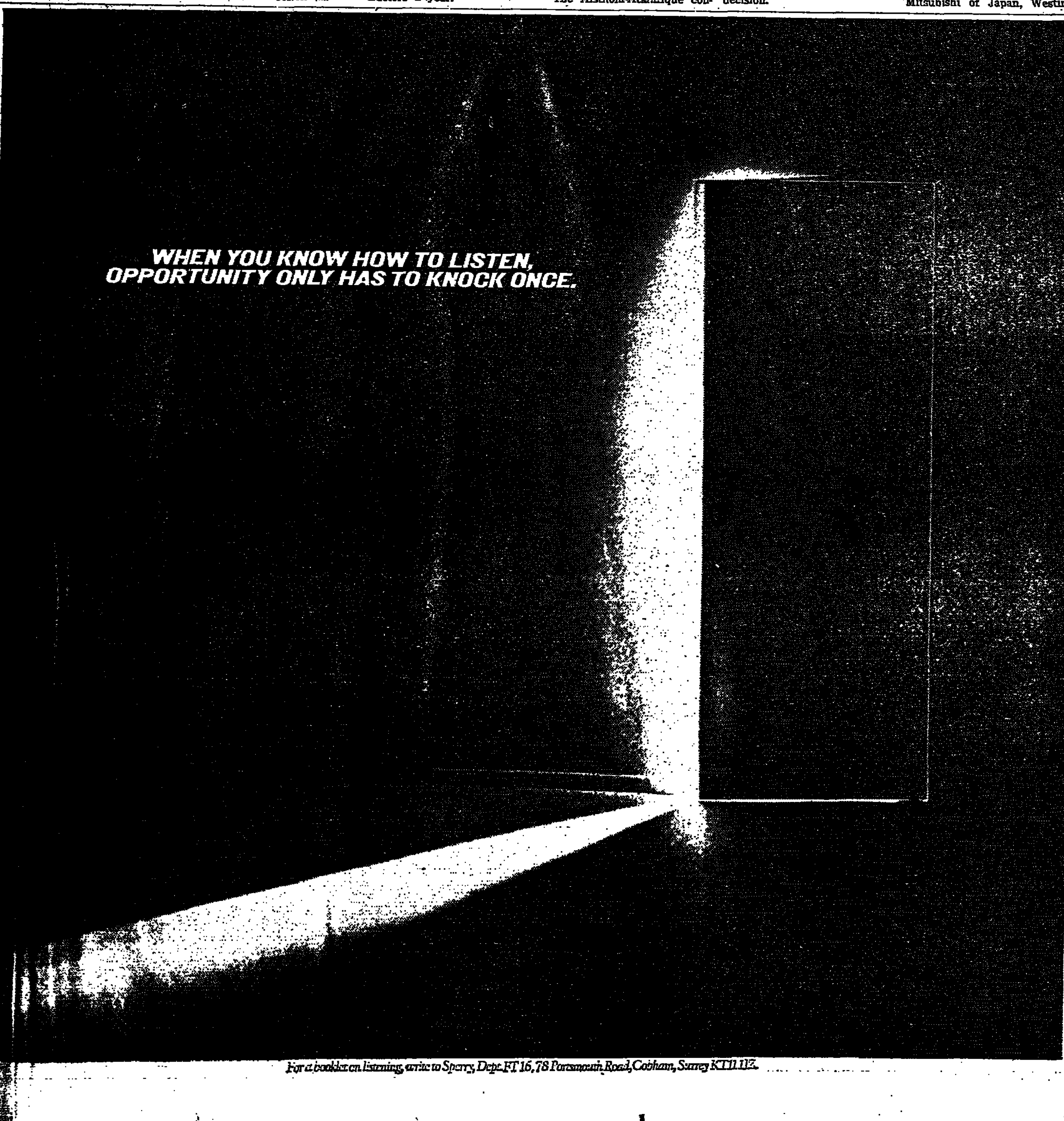
Seven companies from six countries were invited to submit bids for the conventional plant, either as a complete package or in parts. Six responded: Alsthom-Atlantique, Brown Boveri of Switzerland, Mitsubishi of Japan, Westinghouse and General Electric of the U.S., and GEC of the UK.

Last November, when the bids were evaluated, Alsthom-Atlantique's initial price was the best, indicated Mr Choi Chang-Tong, general manager of Kepco's nuclear planning department. But it was clearly not low enough to satisfy Kepco:

"Certainly further deductions were made, particularly in reducing the exchange risk, either as a result of French generosity or Korean negotiating skills," Mr Choi added.

Only a minor portion of the Alsthom-Atlantique contract is subject to price escalation. The price for equipment and materials is quoted in Swiss francs and is not subject to escalation.

Finance for the contract is through a French export credit provided by a consortium led by Societe Generale, Paribas and Banque Francaise du Commerce Exterieur. The interest rate is 7.85 per cent and repayment is over 15 years, starting after seven or eight years depending on the date when the contract is completed.



# TUC to demand strategy for growth in regions

BY JOHN LLOYD AND JOHN ELLIOTT

A WIDE-RANGING regional strategy of intervention will be proposed by the TUC at Wednesday's meeting of the National Economic Development Council.

The proposals will form the basis for a debate on regional policy as the Government prepares to embark on a review of the cuts in regional aid introduced in the past two years.

The Government will also come under pressure at the council meeting to reduce the level of industrial bulk tariffs for electricity.

Leaders of both sides of industry are likely to use the meeting to urge Sir Geoffrey Howe, Chancellor of the Exchequer, to help industry in his Budget next week.

The TUC paper, based on the work of the TUC's regional policy working group, is already being discussed by the TUC-Labour Party liaison committee.

It recommends the establishment of regional industrial planning bodies to "plan, and help execute, regional industrial and economic development."

The planning bodies would give a "regional focus" to national planning, encourage local initiatives, and assist "broader social and economic objectives — such as industrial democracy."

Another section calls for the "mobilisation of pension funds at the local level." This would be linked to the National Investment Bank which the TUC called for in its recently published Economic Review for 1982.

The "executive arms" of the proposed planning bodies would be local enterprise boards — of the kind already set up in London and the West Midlands — and in Scotland and Wales, the respective Development Agencies.

The planning bodies would be tripartite, with representatives of the regional offices of central government and local government, trade unions and employers.

The TUC paper also recommends that the public sector plans expenditure and investment to take account of their impact on regional development. Urban and rural policy should be fully integrated with regional policy, through the regional planning bodies, it says.

# Grocery prices up in February

BY OUR CONSUMER AFFAIRS CORRESPONDENT

The Financial Times Grocery Prices Index continued its upward spiral in February with an across the board increase in food prices.

The February index, based on data collected from stores throughout the UK, rose to 145.83 from a January index figure of 144.81. This is the seventh month in succession that the index has risen. However, the February increase was far less steep than the January rise caused by the bad weather.

In fact, the better weather since early January has led to plentiful supplies of fresh produce. The Fresh Fruit and Vegetable Information Bureau says that most root vegetables are at reasonable prices and of good quality, with carrots, parsnips, leeks, onions, swedes and turnips the bargains at present.

All types of cabbage are still cheap, the Bureau says, while cauliflowers "are a little dearer but still reasonable for this time of year."

However, the Co-operative Wholesale Society's guide to fresh food supplies suggests that home grown apple and pear supplies are a little short, with price rises on the way. But it says that, in general, salad items are steady in price.

The increase in the FT shopping basket this month was mainly due to small price rises in most sections of the basket rather than any large increase in any one area. Last month it was the sharp rise in fresh foods that led to the index rising substantially.

The largest absolute increase came in the dairy sector — rising in cost from £724.64 to £730.32 — which was a result of last month's poor weather still having an effect on prices in the shops.

The FT Grocery Prices Index is based on data collected each month by 25 shoppers who monitor a list of more than 100 grocery items in the same shops each month.

**FINANCIAL TIMES SHOPPING BASKET**
**FEBRUARY 1982**

| | February £ | January £ |
|---|---|---|
| Dairy produce | 730.32 | 724.64 |
| Sugar, coffee, tea and soft drinks | 213.17 | 211.90 |
| Bread, flour and cereals | 320.56 | 318.22 |
| Preserves and dry groceries | 117.17 | 114.64 |
| Sauces and pickles | 56.48 | 55.82 |
| Canned foods | 199.33 | 199.16 |
| Frozen foods | 252.96 | 253.05 |
| Meat, bacon, etc. (fresh) | 644.69 | 641.32 |
| Fruit and vegetables | 315.56 | 311.06 |
| Non-foods | 250.35 | 249.03 |
| TOTAL | 3,100.59 | 3,078.85 |

1981: January 130.96; February 131.75; March 132.75; April 134.93; May 136.30; June 137.37; July 136.62; August 135.50; September 136.60; October 137.49; November 140.51; December 141.24.
1982: January 144.81; February 145.83.

# De Lorean in talks on sales to car rental group

By John Griffiths

**MR JOHN DE LOREAN will start detailed negotiations with Budget Rent-a-Car in the U.S. today on the purchase of 2,000 De Lorean sports cars by the car rental company.**

**Sir Kenneth Cork, receiver of the De Lorean manufacturing subsidiary in Belfast, gave his approval for the negotiations, after talks with Budget Rent-a-Car executives over the weekend.**

**Budget Rent-a-Car first approached Sir Kenneth direct, and had its initial offer for the cars, worth $50m (£27.3m) at list price, rejected. Sir Kenneth said the offer was not enough.**

**Sir Kenneth has laid the groundwork for the U.S. talks indicating both that an agreement on price may be near and that he is anxious not to be seen to be divorcing De Lorean Motor Company, Mr De Lorean's U.S. sales company, from the proceedings.**

**However, the receivers are understood to hold title to many of the cars likely to be sold.**

**Of the estimated 3,750 cars in the pipeline between Belfast and the 350 U.S. dealers some have officially been delivered to DMC, but it has not been able to pay for them because of falling sales. The deal taking shape is that DMC will sell the cars to Budget Rent-a-Car and will then be in a position to reimburse Belfast. Although delivery of only 1,000 cars would be taken immediately, Budget Rent-a-Car would absorb another 1,000 over the next year.**

**Any price agreed, however, is expected to be below that at which cars are supplied to dealers. A complicated part of the talks starting today between Mr De Lorean and Mr Morris Belzberg, Budget Rent-a-Car's U.S. president, will hinge on devising a scheme in which the dealer price structure will not be undermined.**

**Early completion of the deal would be important for the Belfast company.**

# Tense talks in Times power struggle

## Ivo Dawnay reports on the growing pressure behind a crucial round of talks

THREE WEEKS after Mr Rupert Murdoch, Times Newspapers' proprietor, announced his closure threat, the future of the two papers hangs on negotiations set to resume today with leaders of the 670-strong clerical staff. And both sides are under pressure to reach a conclusion.

Talks with several other vital chapels (office branches) look near agreement. Those departments still to begin discussions seem unlikely to fling up major obstacles.

The key to the company achieving—or even approaching—its goal of 600 staff cuts and the ending of 900 casual shifts lies firmly now in the pocket of the National Society of Operative Printers, Graphical and Media Personnel, and its clerical chapel negotiators.

Eight days ago, the management reduced its original call for 390 clerical redundancies to 330, with a combination of voluntary job cuts, cancelled vacancies and natural wastage. This was ruled out by the chapels.

Mr Murdoch responded with the declaration of 210 compulsory redundancies — a move that was condemned immediately by all of the print unions.

Though talks continued elsewhere, the clerical chapels and the Times' Natsopa machine assistants, refused to continue negotiations until the dismissal notices were withdrawn.

But in a brief exchange on Friday, the clerical officials offered further talks if the management agreed to suspend the notices for four days and to promise that no lost jobs would be replaced by non-union agency staff.

The talks with clerical leaders open this morning and hopes of progress rest on whether some compromise over the compulsory dismissals can be reached.

The company's renewed appeal for voluntary redundancies—sent with undertakings of anonymity in letters to clerical workers on Thursday—has done little to improve the atmosphere, however.

Pressure is growing in both sides. Mr Barry Fitzpatrick, chief negotiator for the clerical workers, is acutely aware that a meeting of the 22 strong Natsopa executive on Wednesday could vote to hand over the talks to a national officer or even Mr Owen O'Brien, the general secretary.

The executive is also widely expected to rule that Mr Murdoch's job cuts are, in effect, mandatory.

This will allow those accepting redundancy to keep their union cards and seek employment elsewhere in Fleet Street—encouraging more to go.

Mr Fitzpatrick, who challenged Mr O'Brien for the leadership of the union in 1978, is determined to preserve his independence and as many jobs as he can.

But other print unions, already near to agreement with the company, are likely to put pressure on Natsopa for an early settlement.

The company is under strain also. After stepping back from the brink of closure on Monday and restoring the improved severance terms later last week, it cannot afford to be seen to compromise too generously.

Yet with industrial action almost inevitable if agreement is not reached by March 9, when the first redundancies take effect, a temporary suspension of the cuts (without putting back the notice date) could prove tempting.

Much could hang on the number of applications for redundancy received since the renewed offer went out. If the company feels it could near its 330 target without chapel agreement, then it may decide to call the chapels' bluff and abandon the talks.

When it comes to numbers, the two sides may not be that far apart. With 85 applications already for severence, added to as many as 60 unfilled vacancies, the company is 185 jobs away from its 330.

Both the chapels and the company privately believe that further concessions on figures could be made. If the company also allows an increase in the number of jobs to be shed by natural wastage, the divide could be narrowed still further.

But before the numbers game begins in earnest, both sides will have to find a face-saving compromise over the threatened dismissals.

If they fail to agree, the delicate card-house of deals constructed in talks with Times Newspapers' 54 negotiating bodies will come tumbling down.

# Strike at Tees dock settled after 15 weeks

By Nick Garnett, Northern Correspondent

LOADING OF Thames Barrier floodgates trapped by the 15-week Tees dockers' strike over pay should begin almost immediately following settlement of the dispute at the weekend.

A mass meeting voted 400 to 50 to accept a revised offer. It included an unchanged 6 per cent basic rise, but productivity strings were removed.

**Robin Reeves writes:** Today's planned introduction of a Dublin-Holyhead ferry service by the Irish-Government-owned B and I Line has been postponed for a week because of a threatened strike by Sealink employees.

# Ford and MSC launch youth training scheme

BY BRIAN GROOM, LABOUR STAFF

THE MANPOWER Services Commission and Ford Motor Company today launch a scheme for Youth Opportunities Programme trainees, which will be a pointer towards better training, the MSC hopes.

Ford has opened workshops at Dagenham, Liverpool and Swansea to provide 160 places for 16 to 18-year-olds, who will receive 12 months training and experience in a range of skills. This is in addition to teenagers with work experience places elsewhere in Ford, who numbered 500 last year.

The MSC says the training which the workshops will provide is in line with its aim to offer 100,000 "good-quality" places for YOP entrants in 1982-1983. There will be 630,000 entrants.

● Ford's car body and assembly plants at Halewood, Merseyside, are likely to remain at a virtual standstill today, with 4,000 hourly-paid workers laid off for a second day because of a strike by 37 paint-shop workers.

Shop stewards will meet this morning, but no talks with management were planned yesterday. Ford said workers could not be recalled before tomorrow.

The strike is over the dismissal for the second time of a worker with a long disciplinary record. He was found to be missing from his place of work. Colleagues say he was absent only for a few minutes.

# Harmony is restored at Sadler's Wells

**THE Sadler's Wells Royal Ballet will perform for the first time this year tomorrow night, after the settlement of the five-week strike by the company's orchestra.**

**The orchestra agreed on Friday night to accept an offer of 35 guaranteed weeks' work, plus a special one-off payment for the ballet company's foreign visit last Christmas. The orchestra had been seeking 40-weeks' minimum work, or a retainer, to compensate for loss of earnings when the ballet company toured abroad.**

**The ballet company appears at the Sadler's Wells theatre for the rest of this week and opens in Liverpool next week.**

# CONTRACTS AND TENDERS

## ECONOMIC COMMUNITY OF WEST AFRICAN STATES

## ECOWAS TELECOMMUNICATIONS PROGRAMME

## INVITATION TO TENDER

The Executive Secretariat of the Economic Community of West African States invites to international Tender under its integrated telecommunication programme:

**1—Subject:**

This invitation to tender is for the supply, installation and commission of equipment for fourteen microwave links, five local automatic exchanges and four international telephone transit exchanges.

**2—Description of works:**

Tender documents consist of six volumes:

Vol. I General conditions of tender and contract

Vol. II Technical specifications for transmission systems

Vol. III Technical specifications for telephone exchanges facilities

Vol. IV Technical specifications for outside plant facilities

Vol. V Technical specifications for buildings and access road facilities

Vol. VI Technical specifications for power supply system

***3—Funding sources:***

Facilities to be provided under this invitation to tender are to be financed by ECOWAS Fund for Cooperation, Compensation and Development, European Development Fund (EDF), European Investment Bank, Italian Government and by purchaser credits.

**4—Participation:**

a) Contracting firms from the European Economic Community and from ACP shall tender for the following:

Lot No. 3: Transmission facilities for Ouagadougou — Bolgatanga route

Lot No. 4: Transmission facilities for Fada N'Gourma-Porga route

Lot No. 6: Transmission facilities for Bissau-Ziguinchor and Bissau-Koundara routes

Lot No. 7: Transmission facilities for Koundara-Mali route

Lot No. 9: Transmission facilities for Korhogo-Sikasso route

Lot No. 20: International transit centre (CTI) for Praia

Lot No. 21: International transit centre (CTI) for Bissau

Lot No. 22: International and national transit centres and local exchange for Banjul

b) The invitation to Tender is open to all contracting firms for the other Lots nos.

**5—Acquisition of the Documents:**

Documents may be obtainable on payment of U.S.$200.00 per set of documents, from the following address:

ECOWAS Executive Secretariat
6, King George V Road
Lagos
Federal Republic of Nigeria.

The payment must be made by bank order in favour of Executive Secretariat of ECOWAS.

**6—Closing of Tender and opening of the Bids:**

Tenders should be sent to ECOWAS Executive Secretariat, 6, King George V Road, Lagos, Nigeria, to arrive at the latest by 30th April 1982 at 1100 hours GMT.

The Tenders will be opened in public on 1st May 1982 in Cotonou, People's Republic of Benin.

**7—Extra information:**

For any extra information, please contact the Executive Secretariat in Lagos, 6, King George V Road, Lagos, Nigeria, PMB 12745. Telephone: 636841. Telex: 22633 NG ECOWAS.

## REPUBLIC OF TUNISIA

## SOCIETE TUNISIENNE DE L'ELECTRICITE ET DU GAZ

### INTERNATIONAL CALL FOR TENDERS

Societe Tunisienne de l'Electricite et du Gaz (STEG), under the 1982-1986 high voltage line programme, forming part of its transmission network development project, intends to issue an international call for tenders for the construction of approximately 600 km of high voltage lines (225kv-150kv and 90kv).

This call for tenders is to cover the following:

LOT 1: Supply of steel and bolting
LOT 2: Supply of conductor and guard cables
LOT 3: Supply of insulators
LOT 4: Supply of line fittings/accessories
LOT 5: Pylon fabrication and line erection

Contractors interested in one or more of the above lots may obtain the enquiry documents, as of 1st March 1982, from the STEG Head Office, Department Equipment Reseau de Transport, Batiment F, 38 Rue Kamel Ataturk, Tunis, on payment of two (2) hundred dinars or equivalent in foreign currency.

Enquiry documents will not be available after 12th March 1982.

## REPUBLIC OF TUNISIA

## SOCIETE TUNISIENNE DE L'ELECTRICITE ET DU GAZ

### INTERNATIONAL CALL FOR TENDERS

Societe Tunisienne de l'Electricite et du Gaz (STEG), under the 1982-1986 programme, forming part of its "transmission network development project," intends to issue an international call for tenders for the supply, laying and industrial commissioning of approximately 23 km of underground cables 90kv.

Contractors interested by this call for tenders may obtain the bidding documents as of the 1st of March 1982, from the STEG Head Office, Department Reseau de Transport, Batiment F, 38 Rue Kamel Ataturk, Tunis, on payment of one (1) hundred dinars or equivalent in foreign currency.

Bidding documents will not be available after the 12th March 1982.

Bids must reach the STEG latest the 25th May

## REVISED NOTICE

**PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN**

**Greater Aden Water Supply Project—First Stage**
**Bid 10—Prequalification of Tenderers**

With reference to the previous advertisement published on Monday 22 February 1982 please note that the closing date for prequalification applications has been extended to Thursday 8 April 1982.

# COMPANY NOTICES

**THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the action you should take, you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other professional adviser immediately.

**THE BRAZIL FUND S.A.**

To the holders of Bearer Depositary Receipts ("BDRs") of The Brazil Fund S.A. ("the Company").

Article 6(6) of the Statutes of the Company contains a provision whereby the Company can only purchase shares issued by itself if a period of eight years has elapsed (or such shorter period as determined by the General Meeting of the Company, provided always that there is no breach of the relevant statutory provisions at the time in force) since the date of registration of the respective foreign investment with the Central Bank of Brazil.

Brazilian law was amended in 1979 so that it is now permissible for foreign investments to return to the country of origin after the expiration of two years from the date of issue. Accordingly, the Company proposes to amend Article 6(6) of its Statutes so as to allow the Company to purchase shares issued by itself after the expiration of two years from the date of issue. Shares so purchased will then be held in treasury pending resale. The Statutes of the Company allow 360 days during which resale of shares acquired by the Company with subscribed capital may be made, failing which a reduction of the Company's capital will be necessary in respect of the treasury shares not resold.

It is necessary for the shareholders of the Company to give their approval to such an amendment. Therefore it is proposed that an Extraordinary General Meeting of the Company be convened for Monday, 22nd March, 1982 to consider and, if thought fit, pass a Resolution substantially in the form of the Resolution set out below.

If the Resolution is passed, holders of BDRs will become immediately entitled to redeem the shares attributable to their BDRs in accordance with the Terms and Conditions of the BDRs. Holders of BDRs should note, however, that on the realisation of an investment Brazilian tax may be payable by the investor on any capital gain made. If you are in any doubt as to your liability to tax, you should consult your professional adviser.

Although holders of BDRs are not entitled to attend or vote at the Extraordinary General Meeting of the Company, they are entitled to receive Notices of Meetings and the agenda thereof. However, as all the shareholders of the Company will be present at the Meeting, under Brazilian law no notice to convene the Meeting is required.

Condition 9 of the Terms and Conditions of the BDRs provides that:—

"Each BDR-holder may instruct the Depositary in writing as to the exercise of the voting rights (if any) attributable to his Underlying Shares. Such instructions shall, at least 7 days before the date of the relevant Shareholders' Meeting, be deposited with the Depositary together with the BDR or BDRs representing the Underlying Shares concerned (upon terms that such BDR or BDRs may not be withdrawn until after such Meeting or any adjournment thereof). The Depositary shall notify the Shareholders' Representative of such instructions and the Shareholders' Representative shall, insofar as it is practicable to do so, cast the votes attributable to such Underlying Shares in accordance with such instructions pursuant to the power for the time being vested in the Shareholders' Representative under the Representation Agreement. In the absence of such instructions, the Shareholders' Representative may cast such vote or refrain from voting as it thinks fit."

Holders of BDRs are therefore requested to instruct the Depositary whether their voting rights attached to the shares represented by their BDR or BDRs should be exercised for or against the Resolution set out below. Such instructions must be in writing and sent at the BDR-holder's own risk and expense to arrive, together with the BDR or BDRs representing the Underlying Shares concerned, no later than Monday, 15th March, 1982 at the following address:-

European Overseas Issuing Corporation S.A.,
11 Boulevard Grande-Duchesse Charlotte,
Luxembourg.

The BDRs will be held irrevocably by European Overseas Issuing Corporation S.A. until after the Extraordinary General Meeting on Monday, 22nd March, 1982 and then returned to BDR-holders at the latter's risk and expense. In the event that no instructions are received by the Depositary, the Shareholder's Representative intends to vote in favour of the Resolution.

**RESOLUTION:**

"The Directors of The Brazil Fund S.A., Sociedade de Investimento-Decreto Lei 1401—recommend to the Shareholders the adoption of the following wording for Section 6 sub-section of the Bye-laws in substitution for and to the exclusion of the present sub-section 6:-

The Company shall purchase shares issued by itself only if 2 (two) years have elapsed (or such shorter period as may be determined by the General Meeting, provided always that there is no breach of the relevant statutory provisions at the time in force) since the date of registration of the respective foreign investment with the Central Bank of Brazil."

A further Notice will be published on Monday, 5th April, 1982 giving the results of the Extraordinary General Meeting.

Copies of the following documents may be inspected at the offices of Slaughter and May, 35 Basinghall Street, London EC2V 5DB, and at the offices of European Overseas Issuing Corporation S.A., 11, Boulevard Grande-Duchesse Charlotte, Luxembourg during usual business hours on any weekday (Saturday and public holidays excepted) until after the Extraordinary General Meeting:-

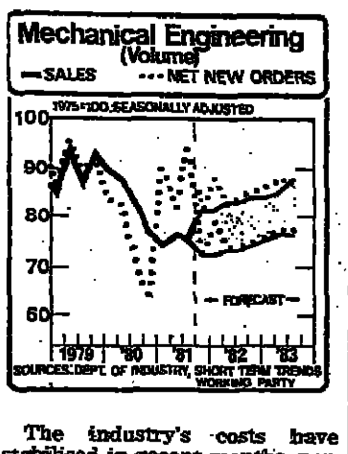
(a) the Statutes of The Brazil Fund S.A.;

(b) accounts of The Brazil Fund S.A. for the two years ended 30th September, 1979 and 1980 and for the six months ended 31st March, 1981;

# Trend to growth in mechanical engineering

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

MODEST GROWTH in the output of the mechanical engineering industry over the next 18 months is forecast in the latest report* from the tripartite short-term trends working party, published today. The report warns, however, that there is no reason to believe that the trend will continue much beyond mid-1983.



Output is expected to rise at an annual rate of 4 per cent till the middle of next year as a result of the expected growth in investment by UK manufacturing industry, which is essential for an improvement in demand for mechanical engineering products. The report does not expect manufacturing investment, however, to break away from the cyclical pattern of the past, which implies a downturn in manufacturing investment from 1984-85. That, in turn, will probably cause a further downturn in mechanical engineering activity.

The order figures for the industry are complicated by a number of large contracts, taken over the past few months, which have been the basis for recent optimistic claims by Government Ministers about the trend to improvement in the industry.

The report points out that these large contracts represent work to be carried out mainly by a small number of companies and extended over several years. They do not, therefore, necessarily indicate current trends for the industry as a whole, or even for the particular companies involved.

The industry's costs have stabilised in recent months, particularly as a result of the reduction in unit wage and salary costs since the spring of 1981. This is because the industry's output has ceased to decline while employment has continued to fall (from 800,000 in December 1980 to 721,000 in November 1981), and employees' earnings have risen more slowly than in 1980.

Prices of the industry's products have been rising at an annual rate of about 7 or 8 per cent for the past year and it is thought that the trend is probably continuing. Material and fuel costs are about 6 per cent higher than a year ago, and probably still rising at about 6 per cent a year.

* *Mechanical Engineering Short-Term Trends, available by annual subscription. Published by the Engineering Employers' Federation.*

# Electricity price concern

THE ELECTRICITY Consumers' Council has accused the Government of adopting policies which force up the price of electricity. The council's annual report, published today, expresses concern about the implications for electricity prices of the Government's financial targets and borrowing limits policy.

"It is hard to justify a financial target which requires increases in the price of electricity when electricity prices have risen by 49 per cent in real terms since 1974.

"Moreover, the imposition of a financial target, in addition to the industry's existing statutory duties, will not necessarily improve the efficiency of the industry" said the report.

● Plans to build a nuclear power station on a green field site in the south-west are "unacceptable," the Country Landowners' Association has told the Central Electricity Generating Board.

# State urged to ease burden on industry

By Arthur Smith, Midlands Correspondent

QUICK government action to remove the "disproportionate burden" on the private sector is surged today by the West Midlands region of the Confederation of British Industry.

It says there is mounting evidence from companies that without such action, many of the likely benefits of improved efficiency may not be realised.

The region, which this week hosts a conference to discuss ways in which industry might be revived, stresses the role of government in creating the right climate.

A background paper to a discussion to be led by Sir Terence Beckett, director-general of the CBI, says that in the two years to mid-1981 government spending on goods and services rose by more than 20 per cent after adjusting for inflation. By contrast, output in the whole economy fell by 7 per cent and in manufacturing by 15 per cent.

## Inflation

"While so many companies faced with different circumstances have been doing all they can to improve their competitiveness, the time is now long overdue when central government must play its part in this process," the document says.

It asks delegates to the conference whether further reductions of government controls on business should be sought and what should be the priorities.

The West Midlands region of the CBI has poured scorn on Whitehall and Westminster reports of an upturn in business activity. Local industrialists will believe in a recovery only once orders improve, the CBI argues.

The West Midlads region has gained more than 100 acceptances to its conference, which is aimed at exchanging ideas so that companies can move into new products and new markets to regenerate the local economy."

# Economists predict strain on company funds

BY MAX WILKINSON, ECONOMIC CORRESPONDENT

RECOVERY from the UK's present economic recession is likely to put a heavy strain on companies' finances, the London Business School predicts in its latest Economic Outlook.

Because of the current low levels of profitability, the rebuilding of stocks and increased investment will have to be financed by borrowing on a scale which has little precedent since the Second World War, the Business School says.

"One of the key issues in the present forecast is the extent to which the company sector will be prepared to go into debt to finance the rebuilding of stocks and new capital equipment. There is little precedent in post-war history for the emergence of a corporate sector deficit at this stage of the recovery."

For this reason, the London Business School believes the restoration of profitability in the company sector will be of crucial importance in sustaining a recovery.

This is because it does not expect any substantial stimulus to come from an increase in Government spending so long as an attempt is made to keep broadly within the terms of the present Medium Term Financial Strategy.

A special analysis by Professor Alan Budd, director of the school's Centre for Economic Forecasting, and Dr Geoffrey Dicks, suggests the corporate sector's financial deficit will rise from £1.1bn in 1981 to £3.5bn in 1982, in spite of a substantial improvement in profits.

Although they expect trading profits to rise by 70 per cent to £39bn between 1981 and 1983 they think the financial deficit will remain at £3.4bn in 1983.

This deficit is expected to result from a rebuilding of stocks (amounting to £1.7bn next year compared with the reduction of £4bn last year) and from a build-up of investment, which they think should increase at an average annual rate of some 16 per cent this year and next.

They say: "We believe deficits on this scale are near the limit of what the company sector will be prepared to finance under current conditions."

To increase company expenditure, they suggest, means would have to be found to raise company savings, either through increasing company profits or by reducing corporate taxes.

However, they say there is little the Government can do to increase company profits in the long term, and a short-term boost, through a stimulus to demand, would be inconsistent with the Medium Term Financial Strategy.

"The question, therefore is how the Government could use fiscal policy within the strategy to encourage company savings."

Professor Budd and Dr Dicks examine two alternative ways of giving a modest amount of help within the general constraint of the Government's borrowing targets. They are: a reduction in the forthcoming Budget of the employers' National Insurance surcharge from 3½ per cent to 1½ per cent with a reduction in the standard rate of income tax to 25 per cent in later years, or alternatively, a more rapid cut in income tax with no reduction of the surcharge.

In either case, the Public Sector Borrowing Requirement would fall from about £10.2bn in the current financial year to £9.3bn in 1982-83. It would stay about the same in 1983-84, then fall to £6.2bn in 1985-86.

However, the first option of reducing the surcharge, could be expected to result in slightly faster growth with a somewhat lower inflation rate and higher levels of investment.

This policy has therefore been adopted as one of the basic assumptions underlying the school's current forecast. However, even with this help the LBS believes the company sector's financial deficit could increase to more than £7bn by 1985.

Professor Budd and Dr Dicks say in their special article that there can be no guarantee that a cut in the surcharge would be used to improve profitability and stimulate investment rather than being used for higher wage settlements. Conversely, an income tax cut might lead to lower pay settlements which would benefit companies' finances.

They add: "Ultimately, what matters is the potential profitability of investment, which depends on the cost of capital and the futre cost/price structure of output."

They conclude: "On balance, we believe that, under current conditions, a shift of income to the company sector is justified and that this is best achieved by cutting the National Insurance Surcharge."

"If this is done within the broad framework of the Medium Term Financial Strategy, there is a reasonable chance that companies will expand output and expenditure within a favourable financial environment."

# Budget call for caution by Barclays

By Our Economics Correspondent

THE CHANCELLOR is given strong support from Barclays Bank today for a cautious Budget aimed at containing public borrowing and reducing interest rates.

In its latest UK financial survey, Barclays says the path to economic recovery is likely to be associated with lower interest rates.

However, the financial markets would quickly scotch the idea that this could be achieved at the same time as a significant increase in money supply and Government borrowing.

Further support for a tight Budget comes today from Professor Richard Stapleton, of the Manchester Business School, who says that economic recovery is much more likely to be achieved if present policies continue.

In an occasional paper, published by the Institute of Economic Affairs, Professor Stapleton says the traditional Keynesian policy of boosting demand and cutting taxes would bring only short-term benefits and result in long-run stagnation.

**Could do Better. Occasional Paper Special 62, Institute of Economic Affairs, 2 Lord North Street, London*

# Further rise in unemployment forecast

BY OUR ECONOMICS CORRESPONDENT

THE LONDON Business School is significantly more pessimistic in its latest forecast of the prospects for unemployment during the next four years.

Although it continues to predict a slow recovery of economic activity up to 1985, it no longer believes, as it did in November, that the unemployment total can be stabilised next year at about 2.7m (excluding school-leavers).

Instead, it thinks that the total will continue to rise, to 3.1m by 1985. It has thus come more into line with the National Institute of Economic and Social Research, although it remains rather more optimistic than the latter about the prospects for growth and jobs.

This reflects, in part at least, a difference between the two bodies' assumptions. The institute forecasts a growth in rate of output of only 0.7 per cent in 1985 with unemployment at 3.3m on the conventional assumption that present (pre-Budget policies would continue.

However, the business school has assumed that the Chancellor will apply a modest stimulus to the economy by reducing the employers' national insurance surcharge from 3½ per cent to 1½ per cent on March 9, and abolish it entirely next year. It also assumes that the standard rate of income tax will be cut by one percentage point, to 29 per cent, in 1983-84 and then reduced progressively to 25 per cent in 1985-86. It assumes that these changes will be made within the "broad framework" of the Government's present Medium-Term Financial Strategy, although the reduction of public borrowing as a proportion of output would not be achieved quite as rapidly as envisaged, and the money supply (sterling M3) would remain outside the target range for the whole period.

Even if the surcharge were abolished, the business school says, the company sector would remain under financial pressure and this would result in pressure to reduce wage bills "both by enforcing modest wage settlements and by continuing to reduce their workforce."

Although total employment is expected to fall more slowly next year than in 1981, the forecasters say: "We believe that the shake-out of labour in the recession was permanent and expect the productivity gains achieved in 1981 (which we estimate at 10 per cent in manufacturing industry) to be held in 1982."

Against a background of weak demand in the world during the first half of this year and slow recovery thereafter it is expected that the main source of growth in the UK will be company investment in stocks and capital equipment.

This is expected to be provoked by a rapid growth of company profits, but the counterpart to this will be a continued squeeze on real personal incomes.

● *Economic Outlook 1981-1985, February 1982, London Business School Centre for Economic Forecasting. Annual subscription £65 ($160 for the Continent) — Gower House, Croft Road, Aldershot, Hampshire GU11 3HR.*

LONDON BUSINESS SCHOOL FORECASTS
(November projections in brackets
percentage annual increase)

| | 1981 | 1982 | 1983 | 1984 | 1985 |
|---|---|---|---|---|---|
| Gross Domestic Product | −2.7 (−2.9) | 1.5 (1.7) | 2.6 (2.8) | 1.8 (1.8) | 1.6 (1.7) |
| Consumers expenditure | 0.1 (0.4) | 0.3 (0.2) | 1.8 (1.3) | 1.3 (0.7) | 1.4 (1.8) |
| Private fixed investment | −4.1 (−4.6) | 2.9 (0.8) | 4.1 (4.4) | 2.2 (5.7) | 4.4 (6.2) |
| Exports | −1.6 (−7.3) | 4.3 (3.5) | 4.2 (6.0) | 3.2 (5.4) | 2.7 (2.6) |
| Imports | −2.1 (−6.1) | 11.6 (7.9) | 4.0 (5.6) | 2.0 (2.8) | 1.9 (1.9) |
| Consumer prices | 10.8 (11.3) | 10.9 (10.8) | 8.5 (10.5) | 9.9 (10.9) | 9.6 |
| Money supply (sterling M3) | 15.9 (15.6) | 9.4 (11.2) | 10.8 (11.1) | 12.1 (10.0) | 12.4 (9.5) |
| PSBR Financial year (£bn) | 10.2 (11.5) | 9.3 (9.7) | 9.5 (7.4) | 7.8 (6.5) | 6.2 (5.5) |
| Wholly unemployed (m) | | | | | |
| Annual average | 2.5 (2.6) | 2.9 (2.8) | 2.9 (2.7) | 3.0 (2.7) | 3.1 (2.7) |
| Balance of payments | | | | | |
| Current account (£bn) | 7.4 (5.2) | 2.0 (1.6) | 2.1 (1.5) | 2.7 (2.8) | 3.2 (4.0) |

# Microprocessors start to talk to the real world

BY LOUISE KEHOE in CALIFORNIA

MICROPROCESSORS HAVE worked wonders for computer systems, but they have one big drawback. Microcomputers "talk" a binary language of ones and zeroes (equivalent to "power on" or "power off"), whereas the real world communicates in analog signals like sound and speech.

Creating an electronic system that can work on constantly changing analog signals has, until recently, meant building up circuits from several components—as used to be the case with digital computers before the microprocessor was invented.

## Advantages

Now, "Analog microprocessors" are beginning to emerge as a whole new range of integrated circuits designed to take in real world signals—perform computations on them—and send them on their way.

These new chips will bring the economic advantages of microprocessors to a new range of applications. Like regular microprocessors the analog variety will reduce the number of chips needed to build a system, and can be fitted to particular system requirements by changes in software programs instead of completely new chip designs.

For the chip makers, the new devices could represent a $100m business by 1985, growing to as much as $200m by the end of the decade, according to some estimates.

The first "analog microprocessors" were introduced more than a year ago, but like the first digital microprocessors, those early attempts at a solution left much to be desired. They were trail-blazers that introduced a new concept in signal processing—and like so many innovative products they had bugs which had to be worked out.

Now, a new generation of digital signal processors is emerging. Intel, one of the early leaders in the field, has redesigned its "analog microcomputer" and is about to launch it on the market. The Intel 2921 is aimed at low cost, relatively low performance applications.

It incorporates microcircuits that convert analog to digital and then back again as well as the computational elements all on a single chip.

According to the company it will be used to make low speed modems — the units that connect computers to telephone lines, and also in other telecommunications applications that involve the translation of an analog signal into a different form.

Analog processors are also important for servo-control mechanisms such as positioning the read/write head on a computer memory disk, and are expected to find wide use in robotics.

Alternatively, the Intel device can be used as a programmable filter providing more accurate signal processing than can be achieved with conventional components.

The latest advance in digital signal processors has come from Texas Instruments. Last week the company disclosed plans for a very powerful microprocessor that is optimised for digital signal processing applications.

## Flexibility

The first version of TI's chip will be introduced later this year. Unlike the Intel chip, the TI 320 will not incorporate its own digital-to-analog and analog-to-digital converters.

TI advanced microcomputers engineering manager, Kevin McDonough, said that the chip was designed for maximum flexibility. Future versions of the device will, however, have the on-board converters and be geared towards particular types of applications.

According to the company the device will play an important part in making computers more amenable to human methods of communication. The TI chip could be used, for example, to allow a computer to understand spoken commands.

While custom-designed chips can already implement voice recognition to some degree, the TI 320 microprocessor could perform the signal analyses required in "real time" as the words are spoken into the system.

Another advantage of the 320 in speech systems is that it is not tied in to one particular method of speech analysis.

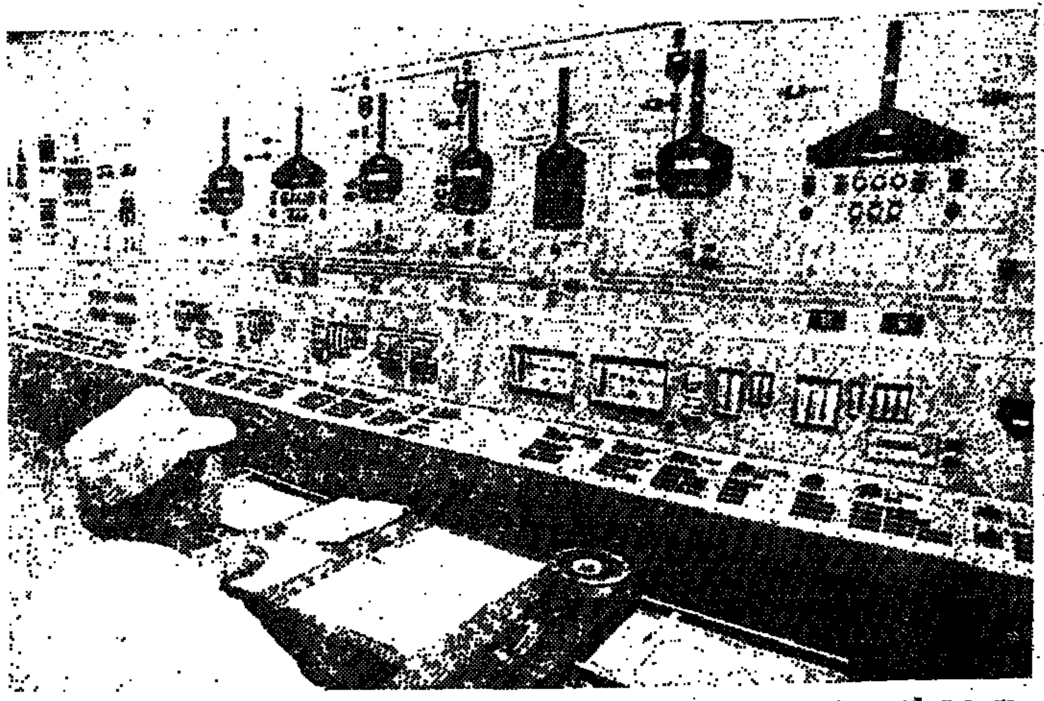
The algorithms for speech recognition are improving all the time. Locking into one of them is a risk for the systems manufacturer, said Mr McDonough.

Like the Intel device, the 320 could also be used to build a modem, but the TI-based system could handle much higher data rates of up to 9,600 bauds. Other areas of application for the new devices could be in weapon guidance systems, radar and sonar signal processing, and in the analysis of geophysical seismic signals.

In the medical field they could be used for ultrasound imaging and infrared imaging applications.

One catch in the speedy implementation of digital signal processing technology is that few engineers are skilled in using it. Most are more familiar with the conventional approach to analog signal processing using so-called linear circuits like amplifiers, filters and oscillators.

The new technology will require newly trained engineers capable of designing systems around it.



Control room of a modern brewer in Osaka, Japan. Sensors monitor temperature and pressure as analogue values but microprocessors understand only binary digits. The new chips offer a compromise which opens new possibilties for industrial control.

# Bleasdale 600—first in Europe for use with Xenix

THE READY availability of cheap, powerful microcomputer chips is changing the data processing landscape dramatically. These days computer design is reduced to designing the circuit boards which carry electronic signals to and from the chips and arranging for adequate software (computer instructions) to enable users to work easily with the computer.

None of this is to be looked down on—it took Mr Eddie Bleasdale £500,000 and several months work to create the Bleasdale 600—but it's substantially different from the early days of computer construction.

The 600 is distinguished by the fact that it is a 16-bit microcomputer, that it is the first European microcomputer designed for use with Xenix and that it found appreciable funding from Barclays Bank and the Department of Industry.

Xenix is an operating system developed by the U.S. software house, Microsoft, and based on Unix which was developed in turn by Bell Labs.

Operating systems are the sets of computer instructions which control the running of the machine itself (as opposed to applications software which carries out specific tasks).

The better and more versatile the operating system, the better the microcomputer appears. Unix is attracting a lot of attention at present because it is well liked by programmers.

It incorporates an excellent word processing system and it is particularly easy for the programmer to modify the way the machine handles to suit his or her own purposes.

The Bleasdale 600 with Z8000 16-bit microprocessor, 256K of memory, eight input/output ports, 500K bytes of floppy disk system and 10 megabyte Winchester disk costs under £10,000.

It all packs into a neat box about two feet square. Main memory is all in the form of 64K dRAMs. The totally sealed Winchester drive sits on its side in the computer casing.

The 600 version of Xenix has been configured by Logica which is distributor of Xenix in the UK.

Barclays seems happy with its investment; computer experts who have examined the machine think it is well designed and engineered and good value for money. Bleasdale is on 01-828 6661. ALAN CANE

## Series 14

SERIES 14, a range of cartridge assemblies for fitting into non-ferrous manifolds, special valves and OEM equipment, has been introduced by CompAir Maxam. Details from the company at Pool, Redruth, Cornwall (0209 712712).

# Protective clothing for high temperatures

BY JOHN GRIFFITHS

A NEW carbon fibre-based material capable of withstanding temperatures of 900 degrees C for at least five minutes has been launched by Universal Carbon Fibres, a Woking, Surrey-based subsidiary of the Coats Patons textiles group.

It is expected to have widespread applications among industrial, emergency services and military users.

It is being produced in a variety of forms, from a lightweight clothing material to heavier weaves for use in seating and for cable insulation.

UCF is taking a cautious approach to initial production, planning output of ½m metres this year. But it envisages a far larger potential, from two sources.

It believes it can capture a substantial slice of the existing market for protective clothing. More important in the longer term, however, is its expected use as seating material in various forms of public transport, where the toxic effect of hydrogen cyanide released from burning polyurethane cushioning materials can be as dangerous as direct flame.

The new material acts as an impermeable "blanket" in such circumstances.

UCF says this market is virtually untapped.

The same applies to passenger aircraft. The material has been approved by the Civil Aviation Authority, but use of flame-retardant materials has been limited because of weight considerations. This is a problem which the new material does not entirely solve.

But development is also taking place of carbon fibre seating frames, 30 per cent lighter than conventional frames, and UCF believes a combination of the two should overcome operators' reservations about the extra weight, and consequently fuel cost passenger load disadvantages.

Hitherto, the most effective flame-retardant materials have been aramid based products worn by firemen and racing drivers. However, these combust at 490 degrees C, and typical survival time for, say, a racing driver immersed in a petrol fire has been a maximum of about 60 seconds.

The new material, called Panotex, is claimed to allow survival in similar circumstances for a minimum of 90 seconds and up to three minutes and 20 seconds, depending on the number of layers used. This is partly because, apart from its combustion resistance, the material has a low thermal conductivity—important because a temperature rise of even 25 degrees C, if rapid, is unacceptable to the human body.

Panotex is made from an industrial acrylic "tow" cured into an oxidised fibre which will not burn or melt. This is processed with secondary fibres into a yarn forming the basis of the different materials. It can be coloured and patterned, and laminated with other materials.

High resistance to abrasion and imperviousness to cleaning solvents are said to be other advantages.

Inevitably, the product is expensive: £19.28 a metre for the protective clothing mixture of 90 per cent Panotex/10 per cent wool; £14.86 for the 60/40 Panotex / wool covering material.

## Machining technique introduced

A TECHNIQUE for micro-machining non-ferrous metals and plastics to provide an overall flatness of less than two fringes (two lightbands or 28th millionths) and a surface finish of 0.5 cla has been developed by L. B. Smith (Engineers), 41, Church Road, Bexleyheath (01-303 3326).

The company claims that the method, using a Lucchesi Carins air turbine air bearing spindle, has advantages over the usual method of lapping and polishing. The main one is that the component is held by a vacuum chuck and there is no distortion because polishing is not required after machining.

Mr H. Lessey at his day time number, or 'phone him in the evening at 01-303 7891, will be happy to go into more detail.

## Safety belt

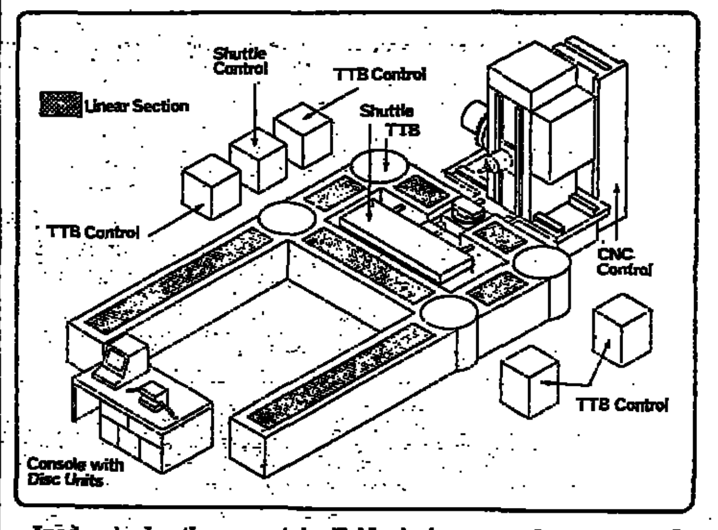
CYCLISTS and other two-wheel riders might like to know about the "Star Ranger." This is a sash style belt, but instead of using light reflectors incorporates eight light emitting diodes powered by a PP3 battery.

There are five red lights for the back and three amber on the front. The belt is shower-proof and made of fire resistant fluorescent yellow nylon.

The belt will be going on sale nationally but meanwhile is available from Harrods or by mail order from Star Ranger, 3, Cale Street, Chelsea Green, London SW3 at £12.50 including post and packaging.

## Switch range

A NEW RANGE of illuminated lever switches, sealed or non-sealed, and rated at six or 15 amp 125 VAC and three or 10 amp 250 VAC is now available from NSF Switches and Controls, Keighley, Yorks (0535 61144).



Inadvertnely, the report in Friday's issue on the automated manufacturing conference was accompanied by an incorrect diagram. We apologise for any confusion to readers: the correct illustration is shown above.

NOTICE TO HOLDERS OF

FUJITSU LIMITED

(Fujitsu Kabushiki Kaisha)

(the "Company")

U.S. $80,000,000 5¼ per cent. Convertible Bonds 1996

(the "Bonds")

Pursuant to Clause 7(B) and (C) of the Trust Deed dated 28th May, 1981 under which the Bonds were issued, notice is hereby given as follows:

1. The Company has issued new shares of Common Stock through public offerings in Japan and outside of Japan on February 25, 1982 (Tokyo Time). The number of new shares issued was 50,000,000 shares in Japan at the price of Yen 713 per share and 30,000,000 shares (in the form of European Depositary Receipts) mainly in Europe (excluding the United States of America) at the price of Yen 713 per share (equivalent to U.S. $3.090 per share evidenced by European Depositary Receipts).

2. As the above issue price is not lower than the current market price of Yen 711.8 per share of Common Stock (calculated pursuant to Condition 5(C) (vii) and (x) of the Bonds), such issue of new shares has not resulted in the adjustment of the conversion price of the Bonds. The conversion price of the Bonds in effect on the date hereof is Yen 732 per share of Common Stock.

FUJITSU LIMITED

By: The Bank of Tokyo Trust Company *as Trustee*

Dated: March 1, 1982

# BUILDING AND CIVIL ENGINEERING

## Industry support for BRE

THE GOVERNMENT has been told that the state sponsored Building Research Establishment should remain in business and that the Government should continue to provide the bulk of the BRE's annual budget—about £11m in 1981.

The recommendations are contained in a report prepared by the Building and Civil Engineering Economic Development Committee, at the request of Mr Michael Heseltine, Environment Secretary. Full details of the recommendations are published today.

The principal findings are that: "Government must continue to play a major part in funding research" and "the commercially independent capability provided by BRE is now even more important than before."

The report suggests that the construction industry might be able to fund part of the BRE's budget by establishing an industry wide insurance scheme to meet the costs of damages arising from construction defects. Payments into the scheme would be mandatory and part of the cash raised could be used to fund building research work.

The report notes that a defects liability insurance scheme is already obligatory for French architects, structural engineers and contractors. This had: "developed into a remarkably coherent system, which stems from defined responsibilities for structural stability and related aspects of performance during a ten year period."

It says that a similar system in Britain would require changes in legislation, to provide a recognised time scale in which damages arising from building work could be claimed. Presently there is unlimited liability for claims arising out of construction work.

The report recommends that the possibilities of establishing a "mandatory defects liability insurance scheme" be investigated. This might involve "insurance for each project to be affected either by the employer or incorporated in tenders, much as a performance bond. A levy on provisions for latent defects could fund the work commissioned by an independent national body set up to co-ordinate and fund construction research."

It would however be undesirable for all building research work to be funded by the private sectors. "If it is to command acceptance, some of this work needs to be assessed independently of its commercial sponsors," says the report.

It however recommends that management control of BRE be reorganised to reduce its dependence on public sector orientated work and to forge closer links with the private sector. It recommends the establishment of a supervisory board of management to provide greater commercial flexibility and to review formulation of the research programme. This board should contain representatives from a wide range of constrction interests in the commercial sector.

## Construction orders in West Germany

NEW FOREIGN orders for the West German construction industry rose to just above DM 11bn (£2.5bn) in 1981 from DM 10.1bn (£2.2bn) in 1980, according to the industry association.

Economic and political uncertainties make it difficult to predict the trend for foreign orders in 1982, but the association says there are no grounds for pessimism.

Opec countries continue to dominate, accounting for 90 per cent of foreign orders. Iraq displaced Saudi Arabia last year as largest awarder of contracts with a 50 per cent share of total contract value against Saudi Arabia's 20 per cent.

This is in stark contrast with the home industry which is in deep recession. The building slump, which began in 1980 with a fall in orders of 7.7 per cent in real terms, has deepened over the last year with a further fall of 18 per cent—and the rate of decline is accelerating.

In December, West German building companies had orders guaranteeing work for only two months; a fall of a third over the past two years. The industry blames the drop in public spending.

## . . and in Japan

CONSTRUCTION ORDERS received by 43 major Japanese construction firms fell 18.5 per cent in January to a seasonally-adjusted Y669.59bn (£1.5bn) from an upward-revised Y821.18bn (£1.85bn) in December, when they were 0.4 per cent higher than in November, according to government figures.

Unadjusted, January construction orders fell 16.3 per cent from a year earlier after an 11.1 per cent year-on-year December gain, the sharpest decline since an 18.6 per cent drop in January 1976.

The January fall was due to a decline in orders for large-scale construction projects.

Adjusted private sector orders in January fell 16.8 per cent to Y370.90bn (£0.83bn) from a downward-revised Y446.03bn (£1bn) in December, and they were down 15.2 per cent from a year earlier on an unadjusted basis.

Adjusted public sector orders fell 20.6 per cent to Y216.71bn (£0.48bn) from an upward-revised Y272.86bn (£0.61bn) in December, and were down 34.6 per cent from a year earlier on an unadjusted basis, while the rest of the total was accounted for by small-lot orders.

## U.S. scare leaves UK unperturbed

WHILE a majority of the U.S. five-member Consumer Products Safety Commission is ordering a ban on the future installation of urea-formaldehyde foam insulation in American homes, users in the UK are preparing for the inevitable reaction both from worried householders and from competitors using other materials.

This type of insulation (made by the installer on site from three substances—urea-formaldehyde resin, a foaming agent and compressed gas) has been more commonly used in the U.S. only in the last five years. It has been the most popular choice for insulation in Britain, however, for 22 years and holds some 87 per cent of the market.

The American commission says that after installation, the insulation can release formaldehyde fumes into the home and that the fumes have been linked to respiratory illnesses in humans and to cancerous nasal tumours in laboratory rats. The ban will, if allowed to become law, shave about $20,000 off the resale value of each insulated home, says the American industry.

The bodies representing insulation technocrats here all say that the American situation is hardly comparable with UK practice, experience and long-term successes.

Spokesmen for both the National Cavity Insulation Association and the External Wall Insulation Association denigrate American methods of application which do not have to meet the stringent standards laid down in the UK by the British Standards Institution.

In the first place, the two associations argue, the insulation is usually added to timber-framed dwellings in the U.S. whereas it is commonly used here in more traditionally (masonry or block) built homes. Timber-frame houses in the UK generally have insulation already applied before they are put up on site.

Secondly, the timber-framed structures in the average American house have an impermeable outer leaf and a thin plasterboard inner lining so that when the insulation is applied the fumes do not dissipate quickly to the exterior but find their way into the interior of a home.

Quoting from an HMSO publication which reported on conclusions from 122 papers studied by the Health and Safety Executive Council, the NCIA said: "There is at present no evidence suggesting that exposure to formaldehyde has produced cancer in humans, nor is there acceptable evidence for any adverse effects on the reproductive system."

Formaldehyde is used in a wide variety of consumer products including particle board, permanent-press clothing, shampoo and toothpaste. It is also used by undertakers (for embalming).

Nevertheless, the Consumer Products Safety Commission of the U.S. has placed a ban on future installations of urea-formaldehyde foam insulation, saying it poses an unreasonable risk of acute health problems and possibly cancer. The ban decision could be upset by the Senate.

UK's National Federation of Building Trades Employers states that there have been no problems concerning the use of urea-formaldehyde foam for building insulation reported to the NFBTE.

Since the new regulations regarding the amount of insulation in new houses will be coming into force next month, there will undoubtedly be an increase in the use of the formaldehyde foam. The new U-value (heat loss resistance) for walls will be 0.6 against the 1.0 required by the 1976 building regulations.

One of the cheapest methods of achieving the increased insulation demanded in buildings with the traditional 50 to 75mm cavity walls is by foam filling. This is going to raise the building costs on an average sized house by about £125, compared with £250 using other methods, such as thicker blocks for the internal leaf.

Although the building industry in this country confidently dismisses the possibility of dangerous fumes being emitted from properly installed urea-formaldehyde foam insulation, there is one area of risk which the most stringent regulations and standards cannot cover.

The "cowboy" operator will, unfortunately, always be with us, despite the efforts of local building inspectors. While the damage to the customer is mostly nuisance and loss of money when an unscrupulous installer makes his foam with detergent, the mix might well be more toxic if he gets hold of unsuitable chemicals, or makes up the wrong formula. It is safer to stick to recognised installers.

### INTERNATIONAL

## Irrigation in the Yemen

SIR M. MacDONALD and Partners of Cambridge, in association with Hunting Technical Services and Rendel, Palmer and Tritton, have been appointed consulting engineers for the £46m Wadi Mawr Project by the Tihama Development Authority of the Yemen Arab Republic.

Multi-lateral finance for the project is being provided by the International Development Association, the Kuwait Fund for Agricultural and Economic Development, the International Fund for Agricultural Development, Kreditanstalt fur Wiederaufbau, the European Economic Community Special Action Account and the Government of Yemen Arab Republic.

The project is planned for the improvement of agricultural production of about 25,000 hectares by the optional use of surface and groundwater involving the construction of diversion structures and feeder canals, the remodelling of minor canals and the installation of tubewells.

In addition the project involves construction of 148 km of approach roads to improve access, the construction of water supply installations for 103 villages and the construction of two project headquarters including staff housing.

The consultants will review an existing feasibility study, and undertake design and the preparation of tender documents, supervision of construction and advisory and management services. The project is due for completion in 1984.

## Railways in Mozambique

TWO ESSENTIAL supply railway lines in Mozambique are to undergo close scrutiny in a four-month feasibility study by the consulting engineers, Mott Hay and Anderson International, Croydon, in association with economists Maxwell Stamp.

Starting immediately, the study will provide recommendations to the Mozambique Government on how to make the best return from £10m British aid for railway improvement from the Overseas Development Administration of the UK.

The two lines in question, from Maputo to Chicualaculua and from Beira to Machipanda are both of narrow gauge and in need of considerable renovation. The Beira line still uses steam engines, while the Maputo line is diesel. Mott Hay and Anderson will be operating on behalf of the ODA under British technical co-operation agreements.

★

KIER INTERNATIONAL, a member of the French Kier Group, has been awarded two contracts overseas.

The first is the £5.3m Trincity Commercial Centre, Trinidad, for Home Construction. The 21 months' contract is for a two-storey reinforced concrete frame covered shopping centre of 15,000 square meters floor area, plus a car park.

The second is a £4.7m contract at Gaborone new international airport for the Botswana Government. Of 30 months' duration, works include a terminal building, control tower, technical block and many ancillary buildings complete with services.

★

GEORGE WIMPEY OF FLORIDA INC has been awarded a £2m contract to provide services and upgrade runways at Miami Airport for Metropolitan Dade County Aviation Department. Wimpey will install water mains and fuel lines at the airport as well as providing equipment to produce chilled water and water ducts. The company will also replace existing runways at the airport's J complex. Work has started for completion by the end of the year.

### UK CONTRACTS

## £24m office development

TROLLOPE AND COLLS has begun work on a £24m contract to refurbish Royal London House in Finsbury Square, EC2.

The project, for The Royal London Mutual Insurance Society, represents one of the largest refurbishing contracts ever let and will incorporate a number of building innovations and a great deal of off site prefabrication to meet a demanding building programme which is scheduled for 122 weeks. Development consultants for the project are Richard Ellis, architects are Sheppard Robson.

Just over half the building will be retained with the remainder being rebuilt; two floors including plant rooms will be added providing over 18,500 sq metres of fully air-conditioned offices.

A new archway entrance from Finsbury Square will lead to the central portion of the building which will take the form of a large "landscaped" atrium with quality finishes including polished marble and incorporating three "wall climber" lifts.

The building will also incorporate an energy saving system, controlled from a computerised operations room and the boilers, unusually, will be coal fired. As the scaffolding is taken away, the external finishes of the building will be cleaned and renovated.

## Wates win Wimbledon development

WATES CONSTRUCTION has been awarded the £16.5m contract for St Georges Wimbledon, Commercial Union Properties' major shop and office development opposite Wimbledon station.

Expected to take 27 months to complete, the development will comprise 121,000 sq ft of net office floor space together with some 30,000 sq ft of shops in five units ranging from 2,000 sq ft to 17,650 sq ft. There is on-site car parking for over 300 cars including a public car park for the local authority.

It is understood that the office element will take in one eight-storey and one four-storey block. Starting date for the job is March 1.

## £25m orders for Laing

JOHN LAING CONSTRUCTION has a contracts package totalling £25m for work throughout England and Scotland, ranging from shopping centres to industrial buildings, homes and leisure facilities.

In the south-east these include a £2m extension to the Army and Navy store in Bromley; a £1.6m fitting-out contract at a Tesco store under construction by Laing in Thornton Heath; a £1.6m reinforced concrete frame for Bredero in the town centre development in Epsom; a £1m Bright Beer building for Watneys London at Mortlake; and a £0.8m fitting-out for British Home Stores at Gravesend, where Laing is building the new St George's Centre shopping precinct.

At Oxford Street, Leicester, 333 flats for single people are to be built under a £5.6m contract awarded by the De Montfort Housing Society, and at Queen Elizabeth Medical Centre in Edgbaston, a £1.4m cancer Research Campaign building is under construction for the University of Birmingham.

Grosvenor Estates Commercial Developments have awarded Laing a £2m contract for construction of a new shopping centre to "developer's shell" stage at Thornbury, near Bristol.

In the north, a £3.4m contract for new offices, a garage and refurbishment of existing buildings has been awarded in Manchester by British Gas; and contracts worth more than £2.5m have been awarded for student facilities at the University of Sheffield and for 60 new homes and a community centre in Leeds for the City Council.

A special care unit is to be provided in an extension to the maternity unit at Oldham and District General Hospital, Lancashire, under a contract worth nearly £1m awarded by the North Western Regional Health Authority.

At Dyce in Aberdeen, a £1m leisure centre is under construction for BP at the Petroleum Development (UK) headquarters currently being extended by Laing under another contract, and at Irvine, Lyndean (Scotland) has awarded a contract worth more than £900,000 for 12 shop units with a parking area.

# How Ma Bell plans to ring the changes

## Paul Betts talks to the chairman of AT&T following the anti-trust settlement

CHARLIE BROWN, the soft-spoken chairman of American Telephone and Telegraph, has been immersed for many months in the deliberations over whether to break up the world's largest company. But he has still found time to play an occasional round of golf. So when asked to explain how he sees the future for the dismembered A T & T, following the momentous anti-trust decision by the U.S. Justice Department in January, like all good golfers he has a story from the links to make his point.

"There is a story about Walter Hagen, the golfer, who was known to stay up late at night and imbibe occasionally," he said quietly from the top of the telephone company's grand Art Deco headquarters in the heart of Wall Street. "Hagen was in the final of a golf match with a golfer by the name of Leo Diegel. And Hagen was out boozing it up until 2 am before the final day of this match and his companion said 'Oh, you better take it easy. Leo is home in bed.' Hagen said 'Yes, but he's not sleeping.' I think the competitors show by their noises around Washington and their requests and drives for legislative protection that they don't have a whole lot of expectations that we are going to be asleep."

Ever since the historic anti-trust settlement whereby AT & T will now be able to enter unregulated data processing and other electronics business in exchange for divesting itself of all its local telephone operating companies with overall assets valued at about $90bn, the big question has been whether AT & T will be able to perform successfully in a highly competitive unregulated market place.

Brown, who personally took the decision to settle the huge anti-trust case last December, believes the new AT & T can take care of itself. "We are not a fat monopoly. We've been in a competitive environment for 10 years in PBXS and station equipment . . . about half of our marketing organisation in the AT & T headquarters has *been hired from outside the* Bell system. We've been building up marketing expertise for a good many years now."

Brown also expects the new AT & T to become a major factor in world telecommunications. "We were a major factor 50 years ago, but left those markets because we felt the organisation had an immense job here in the U.S. and we concentrated on that. The nature of telecommunications equipment these days—that is miniaturisation and the use of silicon chip technology—means that manufacturing can expand very quickly in so far as volumes are concerned. We think we can do that and we aim to offer good equipment at good prices."

### THE CHANGING SHAPE OF AT&T?

| Operating Revenues | 1981* $m |
|---|---|
| **Local service** | |
| Service and equipment charges | 21,727.8 |
| Message charges | 2,324.8 |
| Public telephones | 862.3 |
| Private lines and other services | 638.2 |
| **Toll service** | |
| Message charges | 22,232.7 |
| WATS | 4,487.7 |
| Private lines and other services | 3,527.2 |
| Directory advertising and miscellaneous | 3,002.2 |
| Provision for uncollectables | (589.1) |
| Total operating revenues | 58,213.8 |

*From the latest report and accounts for 1981

| *Operating Revenues* | 1990† $m |
|---|---|
| Switched and Leased Voice and Data Services (Interstate) | 28,000 |
| Packet Switched and Enhanced Services | 850 |
| Electronic Mail | 250 |
| **Information vending** | |
| Electronic Yellow Pages | 2,100 |
| Videotex Services | 1,500 |
| Paper-based Directories and Information Services | 1,800 |
| Timeshared Computer Services | 900 |
| **Telecommunications Carrier Equipment** | |
| Domestic | 10,000 |
| Export | 4,000 |
| **PABX, Key Systems, Telephones, etc** | |
| Domestic | 800 |
| Export | 500 |
| ***Workstations, Word Processors,* Electronic Filing and Local Network Equipment** | |
| Domestic | 4,500 |
| Export | 1,100 |
| **Computers** | |
| Domestic | 2,100 |
| Export | 600 |
| Total operating revenues | 59,000 |

In constant 1982 dollars

†As forecast by International Resource Development Inc (a Norwalk, Connecticut, Research and Consulting Firm)

The company has already set up a foreign marketing subsidiary — AT&T International. In the last two *months,* the U.S. telephone company acquired a 45 per cent stake in the Irish telecommunications manufacturer, Telectron, and reached a $146m agreement to supply South Korea with its electronic switching system called "Superswitcher." Although the Irish *deal will give AT&T entry into* the European market. Brown does not see AT&T about to embark on an acquisition spree. "I don't think it is something we regard as a target strategy. But we will not hesitate to do it where it looks like it is a good idea—as it appeared to be in Ireland."

AT&T is also likely to turn more heavily than it has done in the past to raise funds on the European capital markets. Only last month, the company's treasurer was in Zurich to explain the recent settlement. Brown said the company may well seek to tap the European financial markets.

"The bulk of the $19bn construction programme we plan in 1982 comes from internal earnings. But we do have a considerable need—say $4-5bn for new capital."

Brown said he had been surprised by the encouraging response in Europe to AT & T's record $1bn share offering last year. "We've had huge issues of AT & T equity over the years and the response in Europe has been modest. The response to the last one was more significant which led us to feel that perhaps for whatever reason—perhaps attractiveness of U.S. equities—it was a market which was more fruitful to us than it has been in the past."

Although the structure of the world telecommunications industry has up to now been relatively closed, Brown is hopeful some of the past barriers in the international market place will break down eventually. "I would hope that the world telecommunications structure comes to realise more than it has in the past the sense *of a system necessary to make* the flow of information easy... we would hope standards will become a help rather than a barrier to this flow of information. European standards are somewhat different in some cases from U.S. standards in equipment and interfaces. This *is nothing but an unneeded* barrier and we are taking some strong steps ourselves to internationalise our product line so that it fits across the world."

Brown, whose entire working life has been spent with the Bell system, is a firm advocate of the so-called systems concept in the telephone industry — whereby the telephone company is involved in every aspect of communications, from manufacturing equipment to operating the various services. One of his biggest regrets concerning the justice department settlement was the decision to break up AT & T's systems structure. "I think it is a bad error to break up the system that has brought the best telephone service in the world to this country. It's an error without any question because integration horizontally as well as vertically is appropriate to a telephone system."

Ironically, while the U.S. is breaking up the Bell system, the systems concept is taking increasing hold of world telecommunications markets. Brown claims there is "an inclination among PTTs to change the way they procure or the way their systems operate. I sense there is a great deal of concern and effort on the part of PTTs to upgrade telephone systems in the world."

Growth, he feels, will overcome the protectionist instincts of the past. "These are sharply growing markets as opposed to contracting markets . . . *I think* the growing dynamic nature of these markets, driven by technology leaps which are not comparable to any other technology leaps in heavy industries, would prevent the fencing in of the industry."

Despite betraying some measure of nervousness about the challenges which lie ahead for the new AT & T—after all Brown has undoubtedly made the most far-reaching decision in the company's history since Alexander Graham Bell invented the telephone—Brown flatly refuses to discuss in detail the new markets AT & T is likely to enter.

### Inflamed

"We get in more difficulties talking about things we might do next than in any other way in the U.S.: *this is commonly* known as over-hanging the market—when you announce something you might do, the competitors all get inflamed about it and start suing you for overhanging and allegedly tempting consumers to wait for your product," he says.

And Brown has had enough of law suits. "We spent about $360m on the Government anti-trust suit alone: I don't know what the total legal bill is."

So he will only discuss in the broadest of terms AT&T's new markets. He acknowledges AT&T *has* accumulated a lot of technology in the telecommunications industry which for the first time will be commercially marketable. The settlement has now removed the barriers on many Bell products.

"In the Bell telephone laboratories we have been on the leading edge of practically all telecommunications technology; but the introduction of competition has made regulators and legislators and anti-trust lawyers nervous in that they feared we might be subsidising competitive businesses with monopoly-orientated businesses and this concern has combined in the last 10 years to inhibit what we could do.

"I think the prime example of this is the cellular mobile technology; for ten years we have had the technology which permits a quantum leap in service for the car and other mobile telephones."

The dramatic changes in the telecommunications and data processing industries was undoubtedly the biggest factor in Brown's decision to agree to the settlement. "Under the 1956 consent decree with the government, we were automatically barred from getting into businesses in which our technology could be used."

At the same time technology used in the communications and computer business has become indistinguishable one from the other. A modern telephone switchboard, for example, is in essence a computer capable of receiving, storing and distributing data. "The Bell labs invented the transistor some 25 or 30 years ago," Brown explains.

In the past few weeks, there *has been growing speculation of* a major battle looming between AT&T and IBM, its opposite—albeit smaller number—in the computer business. Although AT&T is likely to enter into a vast range of data processing and new electronics markets, Brown *thinks* the imminent battle between his company and IBM has been overstated.

"IBM is a fine company with a capacity for data processing apparatus that is unmatched around the world. Our capacity is in communications. We are not competing against one another at the *core of our* businesses; we are in competition on the relative fringes." Brown said AT&T was not in the main-frame computer business. "We don't have any plans at this time to get into that."

But AT&T is in microcomputers and the company is now expected to expand rapidly in the small computer market. Whether AT&T will go into home computers or something like that has not yet been decided.

"I think it is fair to say that this meshing of computer and telecommunications technology has naturally brought all computer companies into the business of telecommunications. And the need, or the desire, or the advantages of distributed intelligence in processing has *brought, communications* companies into the computer business. But this is not going to be Armageddon," says Brown.

Charlie Brown: looking forward to competing with IBM

# Multinationals learn to live with fluctuating currency rates

BY ALL accounts, companies doing international business have had their work cut out coping with the problems of foreign exchange. The sharp fluctuations in currencies over the past few years have affected them especially badly.

The problem could be said to have started with the abandonment of the Bretton Woods fixed exchange rates after 1973.

Yet this is not the finding of a group of specialists who have just completed a study which shows that, on the whole, multinationals have not only learnt to live with floating exchange rates but have formed new techniques and adapted internal organisation in order to cope.

The study is admittedly rather narrow: it is based on interviews with only 10 large UK companies and eight in the U.S., as well as the Bank of England, the Export Credit Guarantee Department and the UK Department of Trade. But since all the companies are major by international standards, they probably reflect the broader experience of companies who habitually do business overseas.

The study's basic conclusion is that the switchover to flexible exchange rates has not inhibited foreign investment, and cases of actual retrenchment are rare. Among the reasons given for this by the study are the following:

- Companies involved in international business now try to assess the economic risk involved—not just the currency translation risk which can have such a big impact on earnings.
- Companies are organising themselves to monitor and deal with their overall foreign currency exposure, usually with responsibility specifically assigned.
- Currency fluctuations have had less impact than one might expect on pricing and inventory decisions. "Leads and lags" (bringing forward payment of strong currencies and delaying weak) is often not as decisive as competitive pricing.
- More predictably, companies have learnt quickly how to protect themselves against changes in currency values by hedging. Mostly they do this in the forward markets, especially the Eurodollar markets. Use of currency futures is insignificant by comparison, though it could grow.
- Companies have also learnt to consider the foreign exchange implications of long term financing schemes and overall capital structure.

Financial regulations of various kinds — particularly tax and accounting—have also influenced the way companies respond to the foreign exchange problem.

The highly controversial US accounting rule on foreign currency translation (FAS 8)—which is about to be replaced—made U.S. companies specially sensitive to parity changes because these showed up immediately in quarterly earnings statements, and were often only paper gains or losses. The new rule FAS 52 which comes into force next year shifts the impact from the profit and loss statement to the balance sheet, which is less eye-catching. So even though the same gains and losses will be accounted for, they may become less worrisome.

The study makes special note of the big role played by *the offshore markets in providing* companies with ways of laying off foreign exchange risk or obtaining forward pricing. It notes, though, that while companies can readily obtain commitments from banks for six months ahead, markets beyond that are thinner. However, the switch to FAS 52 could allow executives to make longer range decisions, and this may result in a deepening of the longer-term markets.

The study notes: "It is *difficult to overstate the import*ance of these markets in dissipating the stress imposed by flexible exchange rates on multinational corporations and the banks that serve them. Such markets are central to risk shifting by corporations." Because of this, the study urges bank regulators to pursue their policy of "benign neglect" and allow offshore markets to thrive unregulated.

* *Flexible exchange rates and international business by John M. Blin, Stuart I. Greenbaum and Donald P. Jacobs. Published by the British-North American Committee. £3 or $8. The companies interviewed for the study were Bowater, FOREX, BP, GE (UK), Lloyds Bank International, Midland Bank, Rio Tinto Zinc, Selection Trust, Shell, Wilkinson Match, American Express International Banking Corporation, Chase Manhattan Bank, Exxon, FMC Corporation, GE (U.S.) Ingersoll-Rand; Northern Trust Co., Occident Petroleum.*

**David Lascelles**

# TELEVISION

## BBC 1

6.40-7.55 am Open University (uhf only). 9.08 For Schools, Colleges. 10.00 You and Me. 10.15-12.07 pm For Schools, Colleges. 12.30 News After Noon. 1.00 Pebble Mill at One. 1.45 Camberwick Green. 2.01 For Schools, Colleges. 3.00-3.25 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Pixie and Dixie. 4.25 Jackanory. 4.40 Scooby and Scrappy Doo. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Ivor the Engine.

5.40 News.
6.00 Regional News Magazine.
6.25 Nationwide.
6.55 Doctor Who starring Peter Davison.
7.20 Bret Maverick starring James Garner.
8.10 Panorama reports on the battle in Fleet Street.
9.00 News.
9.25 Love Story: Alexa by Andrea Newman; serial in four parts starring Isla Blair.
9.55 Police: Inside Thames Valley Constabulary (Traffic).
10.40 Film 82 with Tina Brown.
11.08 News Headlines.
11.10 A Knight at the Opera: portrait of Sir Geraint Evans.

## Chris Dunkley: Tonight's Choice

BBC 2 have much the strongest schedule. **Forged Papers** is a documentary which traces the story of five Britons who spend the war years in the south of France for one reason or another, hoping to evade the authorities. Forged Papers were essential to avoid arrest, but Gerald Hakim ended up in solitary confinement, Dorothy Chamaide's husband was arrested, Taffy Higginson was imprisoned above Monte Carlo, and Lady Henderson was sent to Ravensbruck.

**To Let** is this week's title for "Not the Nine O'Clock News" which is proving to be the first BBC programme for many years actually to annoy some viewers: about time too. **Horizon** goes to the remote villages of the Burma/Thailand border to investigate the use of Depo Provera, an injectable contraceptive effective for up to six months. In the U.S. there has been fears it could cause cancer, and **Horizon** asks if there's one set of ethics for the West and another for the Third World. (For anyone with doubts).

## BBC 2

6.40-7.55 am Open University.
10.35 Speak for Yourself.
11.00 Play School.
11.25 Play it Safe!
11.35 Write Away.
2.00 pm Long, Short and Tall stories.
2.25 Maths Help.
2.40 Other People's Lives.
3.05 The Computer Programme.
3.30 Business Club.
†3.55 Star Movie: "One Touch of Venus," starring Ava Gardener.
5.10 Ayer at Eton.
†5.40 Laurel and Hardy in "One Good Turn."
6.00 Maggie.
6.25 Mr Smith's Favourite Garden.
6.50 News Summary.
6.55 Riverside.
7.25 Forged Papers.
8.15 Marti Caine.
9.00 Not The Nine O'clock News.
9.25 Horizon.
10.15 West Country Tales.
10.45 Newsnight.
11.30-12.00 midnight Télémontage.

## LONDON

9.30 am Schools Programmes. 12.00 Cockleshell Bay. 12.10 pm Rainbow. 12.30 That's the Way. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 About Britain. 2.00 Money-go-round with Joan Shenton and Tony Bastable who investigate consumer problems and offer advice. †2.30 Monday Matinee: "The Fallen Idol," starring Ralph Richardson. 4.15 Dr Snuggles. 4.20 Graham's Ark. 4.45 Murphy's Mob. 5.15 Mr and Mrs.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.25 Help! with Viv Taylor Gee.
6.35 Crossroads.
7.00 Nature Watch.
7.30 Coronation Street.
8.00 Dead Ernest.
8.30 World in Action.
9.00 Hill Street Blues: Daniel J. Travanti in "The World According to Freedom."
10.00 News.
10.30 International Snooker.
12.00 WKRP in Cincinnati.
12.25 am Close: Sit Up and Listen with Wynford Vaughan Thomas.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

### ANGLIA

1.20 pm Anglia News. 2.30 Monday Film Matinee: "Who'll Save Our Children?" (TV movie). 5.15 University Challenge. 6.00 About Anglia. 6.30 Movie Memories. 12.00 Superstar profile (David Niven). 12.30 am The Chap Next Door.

### BORDER

1.20 pm Border News. 2.00 Film: "The Comancheros," starring John Wayne. 3.45 Money Go Round. 5.15 Bygones. 6.00 Lookaround Monday. 6.15 The Sound of . . . Lorna Dallas. 6.30 Mr and Mrs. 12.00 Border News Summary.

### CENTRAL

1.20 pm Central News. 2.00 The Monday Screen Matinee: "Madame Sin," starring Bette Davis, Robert Wagner and Denholm Elliott. 3.45 Money-Go-Round. 6.00 Central News. 12.00 Central News. 12.05 am Something Different.

### CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.30 The Monday Matinee: "You Can't Win 'em All." 5.15 Emmerdale Farm. 6.00 Channel Report. 6.30 The Two of Us. 10.28 Channel Late News. 12.00 News and Weather in French.

### GRAMPIAN

9.25 am First Thing. 1.20 pm North News. †2.30 Monday Matinee: OK for Sound." starring The Crazy Gang. 6.00 North Tonight. 6.30 Country Focus. 12.00 North Headlines.

### GRANADA

1.20 pm Granada Reports. 2.30 Monday Matinee: Michael Craig in "The Iron Maiden." 5.15 Dick Turpin. 6.00 Mr Merlin. 6.30 Granada Reports. 9.00 Quincy. 12.00 The Shadows in Concert.

### HTV

1.20 pm HTV News. †2.30 Monday Matinee: "A Stitch in Time," starring Norman Wisdom. 5.15 Diff'rent Strokes. 6.00 HTV News. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Fialabalam. 4.15-4.20 Mr Magoo. 4.45-5.15 Sêr. 6.00 Y Dydd. 6.30 Report Wales. 7.00-7.30 Dead Ernest. 8.00 Prifddinas Cymru Fu. 9.00-10.00 The Green, Green Baize.

### SCOTTISH

1.20 pm Scottish News. 2.00 Monday Matinee: "Rampage," starring Robert Mitchum, Jack Hawkins and Elsa Martinelli. 3.45 Money-Go-Round. 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.40 Crimedesk. 12.00 Late Call.

### TSW

1.20 pm TSW News Headlines. 2.30 "You Can't Win 'em All," starring Charles Bronson, Tony Curtis and Michele Mercier. 4.12 Gus Honeybun's Magic Birthdays. 5.15 Emmerdale Farm. 6.00 Today South West. 6.30 The Two of Us. 10.32 TSW Late News. 12.00 Postscript. 12.05 am South West Weather and Shipping Forecast.

### TVS

1.20 pm TVS News. †2.30 Monday Matinee: "The Lady Vanishes," starring Margaret Lockwood and Michael Redgrave. 5.15 Radio. 5.30 Coast to Coast. 6.00 Coast to Coast (continued). 6.30 Emmerdale Farm. 12.00 Superstar Profile: Gregory Peck talks about his life and career. 12.30 am Company.

### TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 2.30 Monday Matinee: "The Virgin and the Gypsy," starring Joanna Shimkes and Franco Nero. 5.15 Happy Days. 6.00 North East News. 6.02 Mr and Mrs. 6.30 Northern Life, with Tom Coyne. 9.00 Briefing. 9.30 Give Us a Clue. 10.30 North East News. 12.00 Being with God.

### ULSTER

1.20 pm Lunchtime. †2.30 Monday Matinee: "The Lady Vanishes," starring Margaret Lockwood, Michael Redgrave and Paul Lukas. 4.13 Ulster News. 5.15 Radio. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 6.30 Mr and Mrs. 9.00 Counterpoint Special: "Political Forum—Part 2." 10.29 Ulster Weather. 12.00 News at Bedtime.

### YORKSHIRE

1.20 pm Calendar News. †2.30 Monday Matinee: "The Lady Vanishes," starring Margaret Lockwood, Michael Redgrave and Paul Lukas. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 It's a Vet's Life. 9.00 Quincy.

# RADIO

(S) Stereophonic broadcast
‡ Medium wave

### RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Andy Peebles. 7.00 Stayin' Alive with Andy Peebles. 8.00 David Jensen. 10.00-12.00 John Peel (S).

### RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 Jan Leeming (S). 8.00 A Salute to St David (S). from the Fairfield Halls, Croydon, including 8.45-9.05 Interval. 9.55 Sports Desk. 10.00 Monday Movie Quiz with Ray Moore. 10.30 Star Sound with Nick Jackson. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

### RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Beethoven (S). 10.00 Martinu's Last Year (S). 10.45 Music For Organ (S). 11.15 Viola and Piano recital (S). 12.05 pm BBC Scottish Symphony Orchestra (S). 1.00 News. 1.05 BBC Lunchtime Concert (S). 2.00 Matinee Musicale (S). 3.05 New Records (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Aspects of the Blues. 7.30 St David's Music Week: string quartet recital, from Broadcasting House, Cardiff. Part 1: Haydn, Daniel Jones (S). 8.20 The Woman (S). 8.35 Recital Part 2: Mozart (S). 9.10 Limericks. 9.30 St David's Music Week (S). 10.30 Jazz in Britain (S). 11.00 News. 11.05-11.15 Nadia Boulanger and Dinu Lipatti.

### RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping Forecast. 6.30 Today. 8.35 The Week On 4. 8.43 Miles Kington delves into the BBC Sound Archives. 8.57 Weather, travel. 9.00 News. 9.05 Start the Week with Richard Baker (S). 10.00 News. 10.02 Money-Box. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way visits Heacham, Norfolk. 11.50 Poetry Please! 12.00 News. 12.02 pm You and Yours. 12.27 Semi-Circles. 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.35 Scene from a Bridge. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 Just a Minute (S). 7.00 News. 7.05 The Archers. 7.20 Start the Week with Richard Baker (S). 8.00 The Monday Play (S). 9.00 Indeed to Goodness! Patrick Hannan looks at the Welsh accent and idiom. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

# Ruritania and English law

## THE WEEK IN THE COURTS

### BY DR. F. A. MANN

IF THERE is a dispute over an international contract, the first thing a judge or arbitrator must decide is which law applies. In order to solve a conflict of law English judges, about 100 years ago, developed what is known as the doctrine of the proper law: you apply that legal system which the parties choose and if no such choice, express or implied, is evident from the contract, you apply in England the legal system with which the contract is most closely connected.

No serious criticism of the effects of that doctrine has ever been made, and its application and development in practice are among the great contributions made by the English judiciary to international relations. Because the solution of conflicts of law requires great flexibility, the development has been judge-made almost everywhere.

However, for reasons which are difficult to understand and impossible to justify, the Commission of the EEC, some 10 years ago, concluded that the law applicable to contractual obligations of an international character should be unified by statutory rules. It drafted a "Convention on the Law applicable to Contractual Obligations" to which, towards the end of 1981, the British Government added its signature.

It is, therefore, appropriate to warn a wider public of the danger that the UK may ratify this Convention, from which this country cannot possibly derive any benefit and which, on the contrary, could cause much damage.

The Convention is riddled with technical shortcomings which introduce artificial problems and unnecessary uncertainties, but the fundamental and readily comprehensible objection lies in the fact that the Convention would substitute the strait-jacket of statutory interpretation for the flexibility of judicial (or arbitral) decision. Experience has shown that in this field flexibility is more strongly required than anywhere else. This may be illustrated by a brief look at the manner in which Article 3 purports to give effect to the parties' freedom of choice. That reads: "The choice must be expressed or demonstrated with reasonable certainty by the terms of the contract or the circumstances of the case." Does that allow for an implied agreement?

According to the convention, where there is no choice in the sense of Article 3, "the contract shall be governed by the law of the country with which it is most closely connected" (Article 4). That would be unexceptionable if there were no presumption "that the contract is most closely connected with the country where the party who is to effect the performance which is characteristic of the contract has, at the time of conclusion of the contract, his habitual residence, or, in the case of a body corporate or incorporate, its central administration. However, that presumption does not normally apply to a contract for the carriage of goods (a term including single voyage charter-parties) or where the characteristic performance cannot be determined. Every word of the provisions, which for present purposes have been summarised, is unnecessary, troublesome and even dangerous.

Probably the most dangerous provision of the Convention to which British litigants abroad may be exposed deals with mandatory rules. It gives the court the power to apply the mandatory rules of a country, the law of which is not applicable to the contract but with which the "situation" (as opposed to contract) has "a close connection."

This spells disaster to English trading interests. Famous English decisions have established the almost universally accepted principle that if, for instance, A in Ruritania has promised to pay a sum of sterling to B in England under a contract governed by English law, nothing the law of Ruritania does can relieve A of his obligation. Thus, a Ruritanian moratorium or exchange control or embargo does not afford a defence. The new provision allows the court to do the opposite if it thinks it right. If the Government decides to ratify the Convention (which, let it be repeated, ought not to happen), it should at least make a reservation in regard to Article 7.

The Convention also provides that where the parties have chosen a law and "all the other elements relevant to the situation at the time of the choice are connected with one country only," the mandatory rules of that country cannot be excluded. Thus if A in London buys from B in London machinery imported from the U.S., the contract may be "connected with one country only." But it would be quite contrary to business practice if English mandatory rules were to prevail in derogation of the law of New York which the parties may have chosen for good reason.

In defence of the Convention, it is sometimes urged that it would do little harm in England, but would reform foreign legal systems, thus providing those who have to litigate abroad with a greater measure of security and certainty.

There is, however, no evidence that English litigants have been frustrated in foreign litigation as a result of foreign rules of private international law. They are, as has been pointed out, largely identical everywhere. Such small differences as exist should induce foreign legislators to modernise their own laws. They ought not to compel the English legislator to distort his own law.

The Convention applies world-wide. It applies not only to a dispute between an English and an American merchant, but also to one between a Brazilian and an American merchant, which happens to come before an English court or arbitrator. Its implications, therefore, are immense. Its effect upon the laws of the Commonwealth, in particular, will be far-reaching.

Worse still, on signing the Convention, Britain declared herself ready "to examine the possibility of conferring jurisdiction in certain matters on the Court of Justice of the European Communities" in order to "prevent differences of interpretation." The Community is known to be keen on expanding its powers and it is a fearful thought that the interpretation of the Convention should be left to Luxembourg.

*Dr F. A. Mann is a solicitor of the Supreme Court in London and Professor of Law at the University of Bonn.*

# RACING

### BY DOMINIC WIGAN

CHINA GOD, the Princess Royal Handicap winner last year, and those high-class performers, Apple Wine and Holemoor Star, are among the runners for the renewal today of the Doncaster Hurdle. Town Moor racegoers should see an exciting contest.

The betting will cover a wide range because also in the line-up are Derek Kent's erratic but talented Grey Mate, the versatile Chris Thornton six-year-old Path of Peace and Alan Jarvis's improving Prince Bai.

The likely outcome is a win for China God or Prince Bai. The former ran his best race in a long while when he kept on to finish fourth behind Broadsword, Secret Ballot and No Bombs in the City Trial Hurdle at Nottingham last month.

Prince Bai is also on the upgrade, having recently given nearly two stones and a comfortable beating to Keswich at Huntingdon. An ex-French gelding from Paus's prolific Chantilly stable, for which he showed himself to be a useful middle-distance performer on the flat, Prince Bai may be the answer of bottom weight.

It was on the corresponding programme a year ago that he accounted for 15 opponents in the Askern Main Novices Hurdle.

At the other venue today, Leicester, all six races are hunter chase events. Cheekio Ora—which notched a quick hat-trick of wins at Nottingham, Hereford and Ludlow last spring—has surprisingly been left in the Thrusters Hunter's Chase over two miles instead of being saddled for the 2½-mile Melton Hunt event. An extremely useful hunter chaser on his day, but one who has only been racing over considerably longer distances for some time Cheekio Ora need not improve much on the form which saw him chasing home Tommy Joe at Wetherby last month to account for some moderate opponents.

Mr Mellors should be the chief beneficiary of Cheekio Ora's absence from the Melton Hunt race. A top-class hunter chaser for several seasons, this brown son of the Ascot Gold Cup winner Principice Wood, Mr Mellors won his third race from seven starts last season when he defeated Cheekio Ora at Cheltenham. Sure to be the better for a recent run, Mr Mellors can get back on the winning trial by giving 12 lbs to Lord Dawson, which was disqualified after coming in first here last season when traces of nandrolin were found in his system.

Grittar, the third horse in as many seasons to secure the Cheltenham and Aintree Foxhunter Chase double last season, did well to finish only 2½ lengths behind Cavity Hunter in the Whitbread Trial at Ascot recently. It will be a shock if Grittar cannot repeat his triumph of a year ago in the Trinity Motors event, in which he has only two rivals.

DONCASTER
2.30—Gay Chance
3.00—Pennine Derek*
3.30—Prince Bai**
LEICESTER
1.45—Cheekio Oro
2.45—Grittar
3.45—Mr Mellors***

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Monday March 1 1982

# The limits to profit-seeking

IN THE developing world the multinational company is no longer the fashionable villain it was in the mid-1970s. A period of slower economic growth and deteriorating terms of trade have heightened the attraction of the jobs, the skills and the export earnings which such companies can provide.

The Reagan Administration, in its enthusiasm for free enterprise and free markets, is presumably encouraged by this development—we certainly are. Yet there is another strand in the Reagan Administration's philosophy which, if taken too far, might endanger the trend.

### Wrong

The de-regulation of business, and the removal of unnecessary bureaucratic controls, is in general a healthy development. It makes a refreshing change from the attitudes ten years ago, which took economic growth for granted and focused too much upon the potential of industry to do wrong. But in the international context the change is a trickier one. The potential conflicts of interest between multinational companies and host countries are real and cannot lightly be dismissed in deference to free enterprise.

A recent case in point is an investigation by the U.S. Securities and Exchange Commission into the Citicorp "parking" case, in which New York's largest bank stood accused of using its worldwide foreign exchange network to shift profits from high tax to low tax centres.

The matter has rumbled on since 1978, when an employee of Citibank first alleged that such transfers were taking place. The results of a three-year investigation by the SEC now allege that Citibank transferred at least $46m in profit from European financial centres to Nassau in 1974-78 under a scheme approved by the bank's top management.

The question of transfer pricing—the prices at which a multinational company sells products from one subsidiary to another—is a well-worn source of accusation against such companies. The "right" price is very often impossible to define; but such an argument holds less water in the case of currencies where there is generally a clear market price available.

Despite its findings the SEC decided not to take legal action against Citcorp. This was probably the right decision. Citicorp has already endured a good deal of public embarrassment over the revelations. It has changed its ways and made payments to European countries which lost tax revenues because of the transfers.

Yet the reasoning behind this decision by the SEC leadership, as revealed in SEC internal documents obtained by the New York Times, was questionable. It would be worrying if it reflected the attitude to multinational companies of the administration as a whole.

A senior official of the SEC felt that a company which violated tax and exchange control regulations was not necessarily a bad company. The SEC felt that it was reasonable for a company to pursue the most profitable course and that a company should not feel constrained to reveal harmful information about its operations.

Such an attitude sounds odd coming from a Washington agency which has been putting pressure on the Swiss banks to reveal the names of investors who may have been using Swiss bank secrecy to hide from U.S. "insider dealing" laws.

### Flourish

The U.S. law enforcement agencies can reasonably argue that it is up to the governments of host countries to ensure that foreign-owned companies comply with local rules and regulations. But these governments are entitled to expect backing from the U.S., just as the U.S. expects their co-operation in return.

The Reagan Administration is pressing foreign countries to provide an environment in which private enterprise in general and U.S. companies in particular can flourish and make profits. If this objective is to be achieved, the freedom to make profits has to be tempered by sensitivity to the laws and customs of host countries.

# Britain's ports ask for help

BRITAIN's financially troubled ports are entering another crucial phase in the eventful history of their industrial relations. Both employers and the Government face hard decisions and have little room for manoeuvre.

The number of registered dockers has declined to 18,000 from 57,000 in 1967. The National Association of Port Employers believes that another three to five years, and some 4,000 more job losses among the registered workforce, will see the end of most of the structural changes caused by containerisation and the shift in trade from west coast ports to the south and east.

### Stable

The reward for successful handling of this phase could be a financially stable industry, with more flexible industrial relations. Failure may result in more crises following those which have necessitated state aid for London and Liverpool—or a confrontation with the dockers.

The association is asking the Government for financial assistance for the ports belonging to the national dock labour scheme to help with further redundancies. This may involve another special voluntary severance arrangement.

The Government has so far aided only the Port of London Authority and the Mersey Docks and Harbour Company. But the Association says that the scheme ports collectively have no money to pay for further large-scale redundancies. There are no profits and no easily realisable assets. The payroll levy to the National Dock Labour Board through which employers finance redundancy payments raised £12.3m last year. Employers argue that it barely covers present interest charges and capital repayments, and the cost of new severances still working through the system. There is little scope for increasing the levy further.

As for changes in dockers' employment conditions, most employers are taking a conciliatory but quietly ambitious line. They hope that the present cautious talks with the Transport and General Workers' Union in a working party of the industry's national joint council will, once the financial question has been sorted out, turn into an overhaul of the ports' expensive and inflexible arrangements with employers in the statutory labour scheme, and are spared compulsory redundancies under the Aldington-Jones agreement which followed the 1972 national dock strike.

What is needed is a more flexible system both on regulation and on working practices throughout the ports. This may require replacing statutory with voluntary joint regulation, perhaps through the industry's join council and committees.

The delicacy of achieving major changes by agreement with a suspicious workforce leads most port employers to reject as unhelpful both the General Council of British Shipping's proposal for a government inquiry into the scheme, and the pressure from a minority within their own ranks for a more aggressive line.

Most employers believe that the industry must build on joint regulation. Although some dockers still put up a foolish fight to retain restrictive practices—as in the bitter dispute at Tees Dock—the TGWU has not obstructed recent severances. Rash action now could risk costly confrontation without relieving ports of the already acquired burden of years of surplus labour and redundancy payments.

The dockers may refuse changes to the scheme. Their prime aim is to extend it and in the background there remain veiled threats of industrial action if the Government does not draw up a scheme for extending dockwork boundaries—as the 1976 Dockwork Regulation Act requires it to do, albeit with no time limit. As in so many other industries, the dockers have to be persuaded that their interests lie in an efficient, financially viable industry rather than one which limps from crisis to crisis.

### Doubt

Whether more assistance from public funds will contribute to this objective is open to doubt. The Government will be disinclined to help the ports out of problems which have been compounded by special job protection rights given to workers with a history of militancy.

If the employers' case is to make any headway, they will have to demonstrate, first, that the threat of impending financial crisis is genuine and there is no other way of resolving it, and, second, that the ports are doing everything in their power to put their own houses in

OIL PRICES AND THE BUDGET

# A conundrum for Sir Geoffrey

By Max Wilkinson, Economics Correspondent

THE BIG drop in oil prices now in prospect has thrown the Chancellor's Budget arithmatics into some confusion. But, for all that, it is good news for the UK economy.

The problem now for Sir Geoffrey Howe, the Chancellor is that it substantially limits the good news which he will be able to announce on March 9.

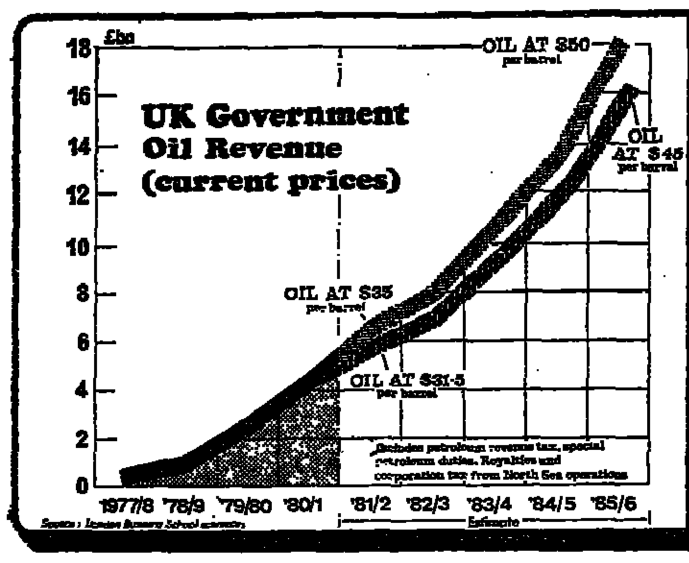
Oil is so widely used in industry that the immediate effect of a price reduction like the one that has been gathering speed since January is similar to that of a tax cut. It reduces industry's costs and raises profits; it dampens inflation and applies a gentle stimulus to the UK economy. In turn exports can be expected to benefit from the general recovery of world trade resulting from cheaper oil; and industry would welcome any downward pressure on sterling because it would tend to make British exports more competitive.

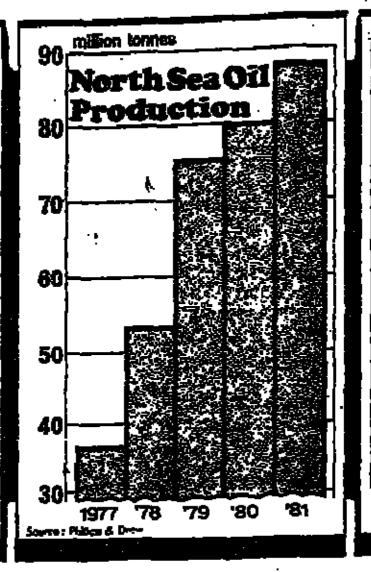
Unfortunately, however, the Chancellor cannot take any credit for the effect of an oil price reduction and it has significantly reduced his room for manoeuvre on March 9. He has some influence on North Sea prices, but world prices are outside his control. In essence, there is now, in the Government's view, less money to "give away"—the world oil market has stolen his thunder.

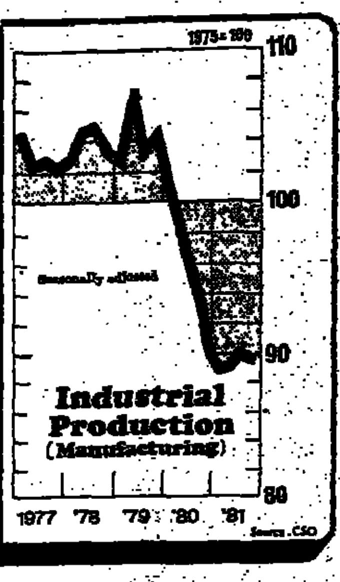
However, the Government's anxiety does not stop there as Mrs Thatcher made clear in an austere speech last Wednesday. No-one can be sure how far prices will fall if market forces eliminate Opec's power to set the price of oil. The effects on the UK Government's revenue might then become serious.

On the basis of the recent price of $35 per barrel of crude, the Government's total oil revenue in the next financial year (April 1982 - March 1983) was expected to be about £8bn. This is not far short of the figure for the whole of the public sector borrowing requirement expected for the year and represents about two thirds of the annual interest on the National Debt. On previous price assumptions, oil revenue could be about twice the size of the whole public sector deficit by 1985.

A $5 cut in oil prices could reduce Government tax revenues from the North Sea by about £1.25bn in a full year, but a number of beneficial side effects would probably bring the net cost, in terms of total Government borrowing to much less, perhaps only £400m to £500m. This is relatively small in terms of the total Budget arithmetic. (Expenditure is scheduled to be £115bn in 1982-83). By comparison, a small adjustment to the interest paid on the National Debt could easily add £500m to the borrowing requirement.







Brana Radovic

Between 1980 and 1985 the annual volume of North Sea oil production is expected to have increased by about 60 per cent while Government oil revenues were predicted to increase about fourfold in current prices to about £18bn in 1985-86.

With such large stakes laid out on the green baize of the world oil market, it is not surprising that the Chancellor is anxious in case the unforeseen turns of the wheel of fortune could have much more damaging effects on future reserves.

It is this as much as the short term effect on revenues which has moved him to the cautious end of the range of options which he was considering. It now looks as if the total of his tax cutting and other measures will be worth little more than £1bn, an amount smaller than the average error in forecasting the borrowing requirement.

Indeed, forecasting the wider effects of the oil price falls is not easy, not least because of the uncertainty about the exchange rate.

A steady fall in the oil price would benefit the balance of payments of oil importing countries like West Germany and sterling might be expected to fall against those currencies, and probably also against the dollar.

This would tend to offset the original price reduction since oil, which is priced in dollars, would be made more expensive in sterling terms by a fall in the exchange rate.

As a rule of thumb each 1 per cent devaluation of sterling would increase the sterling values of UK oil taxes by about £60m.

In a recent computer simulation of the effect of a $7 fall in oil prices to $28 this year, the London Business School suggests the fall in the exchange rate might be about 1¼ per cent compared with what it would otherwise be.

UK output would be boosted by about 0.3 per cent led by a 0.5 per cent increase in exports, and the increase in public borrowing would be some £500m. A further $4 cut in the oil price in 1983 could, by 1984, produce an extra 1 per cent growth in UK output.

By 1984-85 on these assumptions, public borrowing would be increased by about £4bn in spite of a devaluation of sterling of about 7 per cent against the dollar compared with what it would otherwise have been.

# Why the oil companies want to maintain output

THE DRAMATIC fall in oil prices just as North Sea production is approaching its peak must appear a cruel and ironical coincidence to a Government which had been relishing the prospect of big increases in oil taxes.

After all, so much of the North Sea development has been made possible only by the big rise in energy prices which followed the 1973 oil crisis. Britain's offshore oil fields are among the world's most expensive to exploit. Even a medium-sized find can involve a capital investment of well over £1bn.

As a result the capital and operating costs, measured on a present value basis, can run to more than $10—in a few cases over $20—for every barrel of oil recovered. And that is before companies consider their return on investment and Government taxes. In contrast, the production costs of some Middle East fields can be measured in tens of cents per barrel.

And yet, paradoxically, North Sea producers are part of the reason for the present slide in prices: the worldwide glut of oil. In recent weeks production from British fields has risen above 1.9m barrels a day, about four per cent of non-communist world supplies. If Britain was a member of the Organisation of Petroleum Exporting Countries (Opec) it would be vying with Venezuela for the second spot behind Saudi Arabia, the leading producer.

But unlike some members of Opec the UK has not been forced to cut output by a lack of buyers. Quite the opposite. Production this time last year was less than 1.8m b/d. Output this year should average 2m b/d and reach a plateau of 2.3m b/d in 1984.

The oil companies have their own reason for wanting to maintain output, even at a time of falling prices. They need the cash flow to cover past and future investment in the North Sea.

Having had so much of their oil-producing assets nationalised or taken under control of governments in the Middle East, Africa and South America, oil companies see the North Sea as one of the few important areas of the world where they can still find, exploit and produce crude on a strictly commercial basis.

These companies will produce and refine their own assured supplies in preference to the uncertain exports of some Opec members. This is why Iran is now finding its so difficult to attract buyers, even after reducing its price $4 a barrel below the reference level for Middle East crudes.

It is also one of the reasons why UK oil companies have adapted their refineries to process a higher proportion of home-produced, light crude oil. A few years ago—before the North Sea era—UK refineries were operated on a mix of crudes dominated by the heavier grades. The reverse is true today.

The Government, or at least the Treasury, is also keen to see North Sea oil production continue rising. Quite simply, the country needs the oil revenue.

As it is, the Government will receive much less revenue during the 1980s than it might have hoped a few years ago. Operating problems and delays to field development projects have flattened the profile of future oil output. In 1979, for instance, the Energy Department was projecting that this year's output would be running at between 2.3m and 2.8m b/d rather than the 2m b/d that now looks likely.

In terms of Britain's overall energy balance this lower rate of oil production may not be a bad thing, particularly as the country has already become net self-sufficient in fuels. By producing less now the oil industry is deferring the day when the country returns to being a major importer of fuel. So far the industry has produced only 365m tonnes of the 2.2bn to 4.3bn tonnes of oil which the Government believes will ultimately be recovered from the UK Continental Shelf.

But that is little comfort to Mrs Thatcher, the Prime Minister, as she contemplates a General Election within the next two years. She was hoping that North Sea revenues would make it easier to provide the electorate with a mildly reflationary — thus pleasing — Budget on March 9.

As Budget Day approaches, oil industry executives are becoming noticeably more restive. They have urged the Chancellor to reduce the overall level of taxation, now geared to take an average of some 85 per cent of net income.

Hopes of a tax cut are fading fast. There is even speculation within the industry that because of falling oil prices—and thus revenue—the Government will retain its temporary Supplementary Petroleum Duty. The duty, a tax on revenue rather than profits, was introduced at the beginning of last year as a means of creaming off for the Government some of the benefits of the price rises which had occurred in 1979 and 1980. "Surely, with prices falling, we are not going to have a windfall losses tax," exclaimed one chief executive.

There can be no doubt that the recent fall in prices has caused trouble for the industry and the Treasury. The reference price of North Sea crude has dropped from $39.35 to $35 a barrel since the start of last year. Oil companies—particularly refiners — say that spot market signals show that contract rates should be nearer $31 a barrel. British National Oil Corporation, under pressure from the Treasury, will try to obtain a North Sea industry agreement for a new reference level of around $33-$33.50 a barrel.

Where prices go from there is anyone's guess. The industry takes the view—albeit a hesitant one—that North Sea prices are unlikely to drop much lower, although they expect Middle East producers to fall more in line with some further reductions.

Companies believe—or is it hope?—that Opec will meet in mid-March and take steps to restore some order to market supplies and prices. In the longer term increased economic activity, triggered by the latest round of price cuts, should result in more demand for oil.

Even in the midst of the present market turmoil, one leading oil company was yesterday forecasting that prices would still rise by an average of 2 to 3 per cent annually in real terms over the next 20 years. Others have produced projections to show that prices will fall — possibly even in nominal terms—during the next decade.

The uncertainties arising from these two extremes of views, together with industry qualms about future taxation policies, are causing North Sea companies to review their investment plans. In general the industry feels prices would have to fall substantially below $30 a barrel to make North Sea production an uneconomic proposition. The cut-off point has yet to be defined. As the head of a UK exploration and refining company commented: "We are being swept along in uncharted waters."

**Ray Dafter**

# Men & Matters

## Sparrow on the wing

"I have at present what may be described either as an open or an empty mind about the job," says John Sparrow, the mild and bespectacled merchant banker who is to head the Central Policy Review Staff, the Cabinet Office "think tank."

But Margaret Thatcher's choice of the London personnel chief of Morgan Grenfell for the post surely points to what she expects from it.

During the past couple of years, Robin Ibbs — now prematurely recalled to ICI to trouble-shoot for the incoming Social Democratic chairman John Harvey-Jones — has sharpened the CPRS into an instrument of industrial analysis.

The Prime Minister's demands on him have been mainly for examinations of such narrowly specialised areas as British Rail electrification, Government relations with the nationalised industries, De Lorean, and telecommunications.

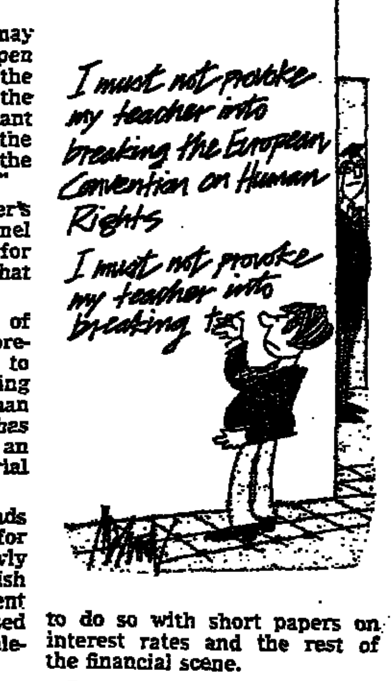
All the indications are that Sparrow will develop similar work by the "think tank" on specific financial and commercial issues.

A chartered accountant, Sparrow worked for Ford and Hotpoint before joining Morgan Grenfell. After serving in the corporate finance and investment departments of the bank, he was responsible for long-term planning.

"I am accustomed to spending a reasonable amount of time thinking about Morgan Grenfell and its future," he says.

Useful experience for his new role. And what, no doubt, led the bank to pick him to provide Mrs T with advice on City matters when she turned to it for help as Leader of the Opposition.

Sparrow's function then, he



to do so with short papers on interest rates and the rest of the financial scene.

It remains to be seen whether under Sparrow's direction, the "think tank" will regain the buoyancy that it once enjoyed under Lord Rothschild. The retiring Ibbs has kept it submerged, almost out of sight, in the muddy waters of Whitehall.

The broad, long-term view is took of the whole range of Government policy seems to have been given a narrower and foreshortened focus.

It apparently is doing little work on social problems, nor is it as active as it once was in macro-economic surveys. Even if it cannot recapture its early entrepreneurial zest, there are many who would like it to show a little more ambition.

## Soccer blues

football club is not on the ball.

Martin Spencer, who combines his role as senior partner in West End chartered accountants Casson Beckman with that of chief executive at Chelsea FC, has for months been forecasting grave financial problems for football clubs.

In November, for example, he was telling the Central London branch of the Institute of Cost and Management Accountants that the game was heading towards a crisis. Gates were falling, income from an increasingly disenchanted public declining, yet players were being paid inflated salaries and transferred for unrealistic fees.

Without much apparent effect, Spencer has constantly reiterated the message at special Football League meetings.

He predicts that before long we shall see a smaller league, more ground sharing by clubs, and perhaps even government support for refurbishing the grounds. "After all, other sports get public assistance," he says.

But even then, he adds, by 1986 the number of football clubs in London could be reduced from the present 13 to perhaps three or four.

It will be interesting to see what happens at Hull now. Spencer, was called in by Chelsea when it was in similarly dire straits. He solved the Blues' problems—financially, at least.

## Tally-owe

The Hunt brothers of Dallas seem to be having another spot of bother with their finances. But the local bank manager is being understanding.

A couple of years back, you may recall, the three Texans lost a dollar or two playing the silver market and, with the help of the Federal Reserve Board, had to put together a quick bank loan of $1.1bn to tide them.

But the annual servicing charges, which amount to several hundred million dollars, are proving too much for the Hunts, who remain fabulously wealthy but have most of their money tied up in oil, coal, ranches and other things that are not convenient for paying off bank debts.

And with silver and oil prices weak, can you understand why Bunker, Herbert and Lamar would prefer more time to pay rather than cashing in some of their assets.

Lawyers and bankers after a weekend huddle down in Dallas are now reported to have found a way to stretch the repayment period. As they say in banking circles, when you owe a dollar, you are a debtor. When you owe a billion, you own the bank.

## On the scent

The sudden reluctance of their Alsatian tracker dogs to sniff out the city's criminals puzzled Vancouver police for some time.

Squad cars would arrive at the scene of a crime, the dog-handlers would leap out with their charges—and the dogs would snuffle disinterestedly around for 20 minutes or so before giving chase.

Now it has been discovered that the trouble is caused by catalytic converters installed in the newer models of police cars to cut poisonous exhaust emissions. "Acidic gases," say the police, "are seeping into the dog's rear-seat compartment and stunning their olfactory organs."

They are now considering putting the dogs into gas masks to preserve their sense of smell while the National Research Council works on the problem.

## Low notes

Card pinned to the coat of a Kensington street singer: "Fiscally Handicapped."

# THE ARTS

**Liverpool Playhouse**

## Erpingham Camp

by MICHAEL COVENEY

*The Erpingham Camp* was a 1966 television play by Joe Orton, seen in a stage version the following year at the Royal Court. Set in a chaotic holiday camp, it was Orton's modern equivalent of *The Bacchae*, with rioting campers ranged in opposition to their maniacally authoritarian host, Erpingham, after one of the red coats has slapped a hysterical, pregnant participant in a screaming competition.

The play has been given a rare old going-over by writer Chris Bond and director Alan Dossor. It is 25 minutes before we hear any lines of Orton: the extended induction is taken up with the establishment of a new sub-plot in which a ferocious rock singer, Backhouse (Andrew Schofield), and his tom cat music steadily undermines Erpingham's vision of wholesome entertainment taking over this world and possibly the next.

A lot of this material is of an indifferent quality, but the general mood it generates is wonderful. Andy Greenfield's splendid design, with its palm trees, bamboo sticks and painted foliage is redolent of Barry Manilow's awful "Copacabana." Red-coats man the aisles, shaking maracas and tambourines like refugees from *Hi-De-Hi!* while Backhouse flourishes a pair of dentures that belong to his unknown father.

The idea for the teeth may have been pulled from *Loot*; the quest for a lost parent is taken from *What the Butler Saw*. I have no objection to any of this. *The Erpingham Camp*, despite its epigrammatic brilliance, is an imperfect text for the stage, and Mr Dosser marshals all this scenic and interpolated resources to deliver a second act of irresistible apocalyptic grandeum. The patré's sermon on the Gaderene Swine is submerged in a company number ("Do the pig, oink oink") and strip sequence with all on board diving into the onstage pool. Turning to his religious adviser, Erpingham drily remarks. "I hardly think this is the answer to falling congregations."

Neil Cunningham's superbly suave and supercilious Erpingham is the key factor in the show's ultimate success. As the camp falls under siege, he dons beret and military camouflage and turns up Vera Lynn on the gramophone. In one particularly hilarious and climactic sequence, an old red-coat is compelled to wear the dentures; but there is a surprise dénouement and Erpingham inflates to alarming proportions before disappearing from view.

This was my third visit to the Playhouse under the new regime, and it is as much a relief as a pleasure to see the company hitting something like true form. There is still too much indulgent mugging, of which the silly programme biographies are a depressing symptom.

**Arts, Cambridge**

## The Taming of the Shrew

by MICHAEL COVENEY

This fast and extremely enjoyable production by Richard Cottrell is the sort of work the Cambridge Theatre Company does best. The show, recently returned from the Hong Kong Arts Festival, goes on the road again after two weeks in Cambridge to Aberystwyth, Darlington and Harlow. The full text, with the Sly Scenes wittily incorporated from Pope's edition, is given a marvellous internal clarity and bristles with happy ensemble invention.

Saul Radomsky's design is a timbered Warwickshire inn, with a glimpse of bullrushes outside the front door. The induction establishes Christopher Sly as an awkward regular customer who becomes the butt of the Lord and his hunting party on the arrival of a troupe of players. Roger Hume makes of the boozy tinker a wonderful participant in his own dream, which indeed hath no bottom. He finally nods off just as the comedy reaches its tenderest moment, with Petruchio and Kate embracing in the street. This is well prepared by the lovers sitting aside to enjoy the brisk farce of the Vincentios and Lucentios.

As a comedy of confused identities, the evening works beautifully. However unpalatable audiences since Shaw's famous dismissal have found the play on the page, Mr Cottrell demonstrates its perennial appeal in the theatre. And the final submissive speech, delivered by June Ritchie's spirited, slightly comic opera-style shrew, is given an unequivocal sarcastic edge. The main point, though, is that Petruchio's brutal tactics of killing his wife with kindness are as much a "performance" as are his opposite number's histrionics. As with Beatrice and Benedict, the comedy is really about two people engaging each other's affections by exploiting the worst in their respective characters. This is likely to prove a more solid foundation to a relationship than the insipid, mercenary nature of Bianca's arranged marriage.

Terence Wilton is a brisk, virile Petruchio, Andrew Hilton a fine silly ass Hortensio, and Brian Hayes a splendidly rapacious, slightly dim Baptista. The company "feel" of the production shines through the excellent work of Stephen Jenn as Lucentio and Timothy Turnbull as Biondello. And there is a superlative dying fall, with Sly returned to his former status and the tapster suddenly awake to his worm-turning potential as he faces up to the formidable hostess of Brenda Peters.

**Apollo**

## The Housekeeper

by MICHAEL COVENEY

Given the current thriving state of American play-writing, it is a complete and utter mystery to me why Shaftesbury Avenue should turn up this utterly tedious emotional pat-a-cake between a Brooklyn father and son and a prospective female housekeeper. Has nobody told them about Shepard, Weller, Babe, Rabe, or Mamet?

The only conceivable justification must have been a star part for Leo McKern of the rumpoled demeanour and gravelly voice that sounds as if marinated in port for the past 10 years. There he sits, as the curtain rises, looking for all the world like a beached whale who has lost his sense of direction and forgotten the smell of the sea. After 39 years of marriage, he is lately widowed and bothered by a son who has come across from Long Island to either put him in a home or hire a help. The very last applicant for the job is on her way. She turns out to be an ex-nun and, more relevantly, Dad's ex-lover.

This leads to a variety of shifting liaisons between the trio which possess neither very much interest in themselves nor even a minimal element of excitement about the respective territorial claims.

The nun, Fiona Thomas, has been transformed into a dirty-mouthed slut (it is alleged) given to dressing up in sexy underwear and willing the old boy on to feats he would now be happier to forget. The son fakes an exit and hides behind the stairs to witness a little hanky-panky on the sofa. Mr McKern enlivens this episode by goosing himself on his own walking stick after diving for Fiona's crotch and pursuing her up the stairs to the marital bed with a hail of four-letter words. I suppose a geriatric faction in the audience might interpret this as either an encouraging call to arms or a naughty brush with the off-Broadway avant garde. I detect an attempt to ensnare both reactions and Frank D. Gilroy's calculation on both counts leaves me cold.

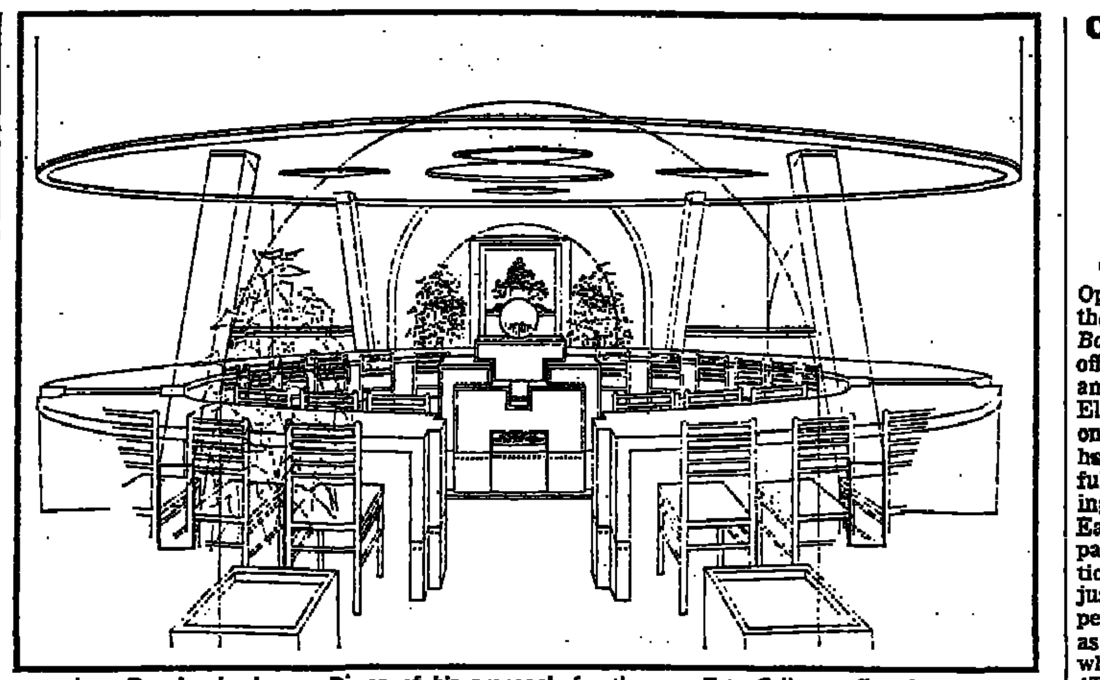
The play suggests several things: that the aged are susceptible to carnal urges; that the discussion of sex between father and son is a cause of mutual embarrassment; that offspring are lining up at the door to catch out their sires and deposit them in institutions before retiring to pick up on lives of respectable, materialistic banality; and that Leo McKern should be giving performances elsewhere of great parts that he here occasionally conjures, such as Falstaff and Lear.

Clive Merrison and Connie Booth make up the cast and Tom Conti's soporific production is full of such excruciating business as father and son locked in a handshake that stiffens into an incipient arm wrestle and in which resides the struggle between the generations. A real lulu.

### Howard Brenton to read 'The Romans in Britain' on tour

Howard Brenton, author of The Romans in Britain, is to read this play as a narrative on a four-week national tour. He will visit Oxford Playhouse, Newcastle Playhouse, Glasgow Citizens' Theatre, Liverpool Playhouse, Cambridge, Wolverhampton, Birmingham, Warwick, Derby Playhouse, Northampton, Nottingham, Milton Keynes and Leicester Phoenix Theatre.

The tour's purpose is to present the play so audiences can judge it for themselves, and to make clear that it is not banned, proscribed or in any way "illegal" because of the forthcoming action by Mrs Mary Whitehouse against Mr Michael Bogdanov at the Old Bailey on March 15.



Drawing by Jeremy Dixon of his proposals for the new Tate Gallery coffee shop

**Architecture**

## A tryst at the Tate

by COLIN AMERY

The Tate Gallery is the place to go for modern art. The current exhibition of recent acquisitions shows that it is becoming more careful and more catholic than perhaps it has been in recent years. The Tate will soon be the place to go for modern architecture. In this field too the trustees and the director have shown an enlightenment and spirit rare in institutionalised cultural establishments.

The new Clore wing which will house the Turners will soon start rising to the designs of James Stirling. He has produced a design that is refreshing and original and it is going to be controversial and stimulating. It is much to the Tate's credit that they have boldly given this important commission to an architect who is more greatly honoured abroad than he is in his own country.

The Tate have gone on from this imaginative decision to yet another. They have asked one of our leading younger architects, Jeremy Dixon (who won a limited competition), to design a new coffee shop. It is to be built in the same rather drear basement area as the present coffee shop, and thus presented the architect with a difficult challenge he has resolved brilliantly.

Who is Jeremy Dixon and why can he be described as one of our leading younger architects? It was 10 years ago that he won, with his wife Fenella and architect Edward Jones, the competition for a new county hall for Northampton. He established then a belief in buildings as part of a monumental tradition with a design for a glass pyramid set in a landscaped park.

Monumental may be a misleading word but Dixon uses it himself. It does not mean that the Northamptonshire scheme was massive and dominant but rather that the formal elements of the design, the metaphorical content as well as the relationship to the landscape, gave the building an historical context as well as a strong presence. Alas these are hollow words — the competition winning scheme was never built because of economic stringencies and this radical design remains on paper.

Dixon was not deterred and now he is successfully building imaginative private houses and teaching at the Architectural Association. His work has been exhibited abroad and it is possible to see one of his built schemes in London in St Mark's Road, North Kensington.

Here he has designed narrow-fronted traditional London street houses. The street facades are gabled and decorative to associate them with the rich vocabulary of the surrounding Edwardian streets. The use of porches, bay windows, pyramid-topped gate posts and gables not only relates the houses to the neighbourhood but produces a geometric composition that is close to the Dutch town houses of Haarlem. Strongly emphatic right angled elements involve the passing pedestrian — you cannot ignore the presence of these houses

In his design for the Tate Gallery coffee shop Jeremy Dixon works from the same principles. He looks first of all at the existing space and the whole spirit of the surrounding building, and relates his ideas to the nature of the place. The main space is in fact way beneath the main dome of the Tate and Dixon reminds us of this by creating a circular, axially placed ceiling above the centre of the coffee shop.

Four curved tables on a substantial scale reflect the quadrants of the ceiling above. The ceiling itself is reminiscent of the shallow saucer dome in the Breakfast Room at the Sir John Soane Museum in Lincoln's Inn Fields. Following that noble example Jeremy Dixon has his light source from behind the ceiling and reflects the room itself with convex mirrors set into the ceiling. In the centre of the room is a monumental piece of furniture which is also a fountain. From this point the four openings through the Victorian engineers' barrel vaults can be seen on each axis. In the corners of the room are four mirrored alcoves. A great bonus is the additional circular room that the architect has conjured out of a storage space. This will be the trysting place at the Tate for years to come . . .

The particular skill of the design works on another level. When you are sated with the splendours of the pictures this room will rejuvenate your senses by its cool, purely architectural qualities. The colours will be those of earth and stone, there will be the gentle splash of water and the furniture will have a permanent solidity about it. Looking through the arches pairs of trees in tubs will add definition to the spaces and the plenitude of mirrors will add dimensions that will conquer the restrictions of the original space.

**Wigmore Hall**

## Fitzwilliam Quartet

A Saturday-evening recital by the Fitzwilliam Quartet would usually fill the Wigmore Hall. But there is nothing as certain as a hint of enterprise in the programme building to keep an audience away, and so it proved this weekend. The hall was barely half full for a Fitzwilliam concert which did not fall back on the conventional in a single particular. Even the Haydn that began the evening was the elegant pair of movements that are all he lived to complete of the D minor quartet Op. 103, gracefully turned by the Fitzwilliam on this occasion.

Thereafter followed Paynter, Verdi and Borodin. John Paynter's . . . *et quart* was commissioned by the Fitzwilliam last year to celebrate the composer's 50th birthday. A programme replete with quotations from T. S. Eliot's *Four Quartets* suggested that we were in for a prickly study in the philosophy of the passing of time, the natural preoccupations of a man entering his second half-century. But . . . *et quart* turned out to be a straightforward set of variations on the six-note figure heard at the very start of the work. The cogent variations run continuously for 12 minutes in an unvarying, quick tempo, relying only occasionally on repeated-note figures or ostinati to provide the linking thread. Written in a blameless extended tonality, the string quartet is idiomatically used; but what the work lacks is a single decisive musical idea, something to grab the listener's attention and to keep it.

Both Verdi's E minor and Borodin's first quartets are inexplicably neglected. The lack of interest in the Verdi is especially puzzling, for as the Fitzwilliam demonstrated it is full of strong ideas, tightly worked. The Quartet responded better to the power of the outer movements and the bounding fugue of the finale especially than to the slow movement (a shade less interestingly inflected than it might have been) and the scherzo (lacking some delicacy). Borodin's first has inevitably been eclipsed by the popularity of his second quartet, and certainly there is not the wealth of singable tunes in the earlier work ripe for plunder for the Broadway stage. There is instead a much more intricate construction and greater emotional depth; the slow movement especially is a fine, profound meditation, precisely counterbalanced by the scherzo and trio, all sweetness and light, which follow it. The Fitzwilliam played the work with evident enthusiasm, and one looks forward to their recording of both Borodin quartets with great interest.

ANDREW CLEMENTS

**Covent Garden**

## Bryony Brind

by CLEMENT CRISP

The new programme at the Opera House, which comprises the Shades scene from *La Bayadère* and *The Two Pigeons*, offered impressive new casting, and a horrid accident to Wendy Ellis as the heroine of *Pigeons*, on Saturday night. Miss Ellis had started the ballet delightfully, a bright and very appealing girl who drives Wayne Eagling, the young Painter, into paroxysms of loving exasperation. Rosalyn Whitten had just entered in a blaze of temperament and flaunted charms as a vivid and alluring gypsy when Miss Ellis slipped and fell. (The cause could have been a stage made slimy by the daffodil shower that earlier greeted Bryony Brind and Nureyev after *Bayadère*). She picked herself up and danced most bravely on, but was soon unobtrusively replaced by Lesley Collier, who was watching the performance.

The interval brought the report that Wendy Ellis had broken a wrist, and Miss Collier completed the ballet in fine style. Despite this unnerving cast-change Wayne Eagling, in his début as the Painter, showed a head-strong verve to his characterisation and his dancing, matched by the swift footwork and luscious provocations that made Rosalyn Whitten, another débutante, so tempting a gypsy.

Her Romany chums are a raggle-taggle crew, but what a good and enduring ballet this is. Gentler than *Fille*, its detail and sensibilities less extrovert in statement, *Pigeons* is no less rich dance invention, and sure in its perceptions about the joys and decits of first love.

In the opening *Bayadère*, Bryony Brind, partnered by Nureyev, gave a first interpretation which indicated how much we have to expect from this outstanding young dancer. With her long, slender limbs and supple back, Miss Brind offers a beautiful and individual physical instrument to the dance. She has a classical style which is slightly at odds with some of the genteelisms of the Royal Ballet manner—at moments she looks more like a Leningrad artist—and nothing should be allowed to curtail the expansiveness of her movement (she has a tendency to hasten or over-emphasise the ending of a phrase because her musical intelligence tells her that there is not enough time to permit her line its natural fulfilment). Her manner is light, wonderfully clear, and she already disposes of a strong technique.

Her entry as Nikiya, and the subsequent duet, were imbued with the right seriousness—Nikiya a spirit forgiving Solor his infidelity—and despite some awkward and tense double-work with Nureyev, the style-atmosphere of the act was well established. Miss Brind's decision to stress the bravura aspect of the succeeding variation can be excused as youthful pride in her very real ability, but this, like the relentless grinning by the Shades in the allegro finale to the scene, reduces an incident of romantic imaging as ecstatic and mysterious as the wilis' scene in *Giselle*, to the mindless level of the *Don Quixote* pas de deux.

Yet whatever my carping, Bryony Brind is an exceptional artist. She needs the refinements that only come from ballerina coaching, and the example of some great guest ballerinas, necessary for the development of our artists as for the illumination of the repertory and the delight of the public. What Miss Brind and the entire cast also deserve is playing far superior to the leaden, routine rum-ti-tummery provided by the orchestra under John Lanchbery: the score can sound—as the Kirov has shown—vastly more like music.

In the trio of Shades soloists, Ravenna Tucker, dragonfly light and exquisite, and Fiona Chadwick, expansive and exultant, were joined by Deirdre Eyden, with her beauiful arms and grand manner. These are dancers of admirable distinction, prospective Nikiyas all.

As a coda, I must stand corrected about my use of the adjective *renversée* last week to describe the arabesque which brings on the Shades. This is, correctly, an *arabesque allongée*. *Mea culpa.*

**Elizabeth Hall**

## Brandis Quartet

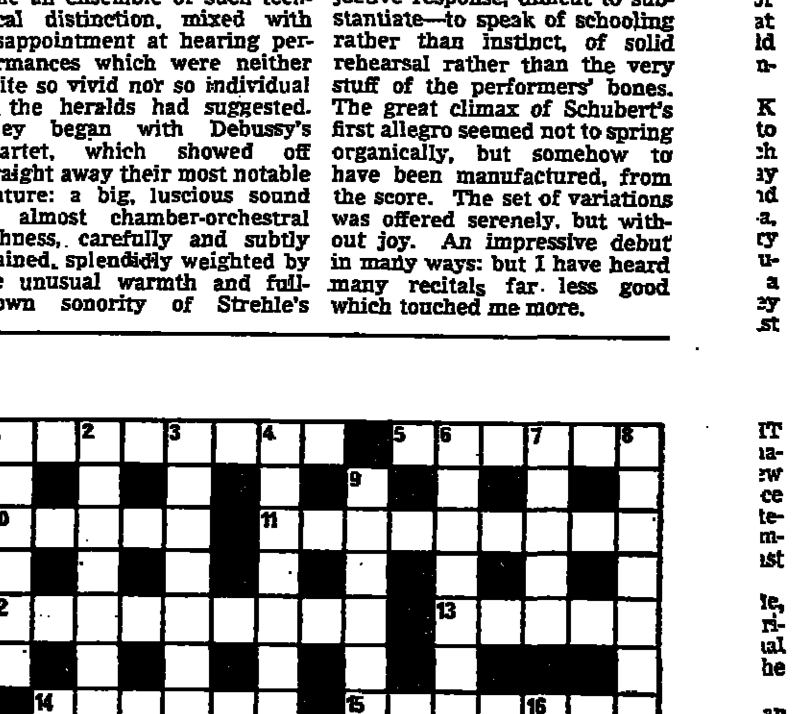
by DOMINIC GILL

Six years ago the leader of the Berlin Philharmonic, Thomas Brandis, joined with his fellow-Philharmoniker Wolfgang Beottcher and the distinguished violin and viola respectively of Peter Brem and Wilfried Strehle to form a new string quartet. The debut was by all accounts a sensational success, and the following season the ensemble twice filled the 2000-seat Philharmonie in Berlin. German critics announced that the nation had suddenly acquired, almost overnight as it seemed, a third string quartet of international calibre.

The Brandis's London debut yesterday afternoon was therefore both a pleasure and a disappointment—a very real pleasure at hearing for the first time an ensemble of such technical distinction, mixed with disappointment at hearing performances which were neither quite so vivid nor so individual as the heralds had suggested. They began with Debussy's quartet, which showed off straight away their most notable feature: a big, luscious sound of almost chamber-orchestral richness, carefully and subtly grained, splendidly weighted by the unusual warmth and full-grown sonority of Strehle's viola. The interpretation itself, though, was curiously dry: never cold, but prosaic in its impulse: never faltering, but never quite unified in its lyrical drive. The Brandis discovered Debussy's notes—or most of them: in the first two movements, tiny, vital dovetails were consistently smudged—without discovering more than a fraction of their eloquence and heart.

Their accounts of Haydn's D major quartet op. 20 no. 4, and in their second half of Schubert's "Death and the Maiden," were on the face of the music hugely accomplished, bright, clean and finely tuned. But at the time same time every measure of the performances seemed to me—powerfully subjective response, difficut to substantiate—to speak of schooling rather than instinct, of solid rehearsal rather than the very stuff of the performers' bones. The great climax of Schubert's first allegro seemed not to spring organically, but somehow to have been manufactured, from the score. The set of variations was offered serenely, but without joy. An impressive debut in many ways: but I have heard many recitals far less good which touched me more.

## F.T. CROSSWORD PUZZLE No. 4,810



ACROSS

1 Advanced large number in service (4,4)
5 Arranged intervals in health resort one month back (6)
10 Sovereign and a quarter of old (5)
11 Enraged GI mixes drink (9)
12 Will have try at making butter (5,4)
13 They make a sight better series of flutters (5)
14 Parent on leave joins attorney in Temple (6)
15 Useless for instance going back on resentment (7)
18 Heavy expert ought to go to America (7)
20 Support the Spanish drive (6)
22 Four trapped by a cover might be furious (5)
24 Nod? (9)
25 It is a church to declare (9)
26 Relative sound of French resort (5)
27 Sends over the moon in a sleet storm (6)
28 Doesn't move corset on deposit (5,3)

DOWN

1 Chap leading American republic meets Trojan woman (6)
2 Clown attached to the French welcome to take time off (2,2,5)
3 Easily earned profit from second-hand string of pearls (5,3,3,4)
4 Indicate alternative to a woman abroad (7)
6 Ironed out professionally when hard up (7,3,5)
7 Fret with hothead in eating place (5)
8 Getting into habit of making sauce (8)
9 Leeds and Newcastle are in league (6)
16 Look at composition of mascara (3, 4-2)
17 Officer gets over failure on falling in (8)
19 Taking part with off-beat lines (6)
20 Here and now (7)
21 Notice a daughter on green (8)
23 Large-scale fiddle is a bloomer (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

# DoT probe into Suter share price movement

Department of Trade investigators are looking into movements in the share prices of Suter Electrical at the end of 1980 and early in 1981, before the company announced its acquisition of Prestcold from BL. The *inquiry relates to possible* insider dealing as defined in the 1980 Companies Act, which made such dealing a criminal offence.

In the two weeks before dealings in Suter shares were suspended on January 15 last year, the ordinary shares had risen by 21p to 66p. Suter's deferred shares rose by a like amount. On January 16 Mr David Abell, who held 17.24 per cent of the deferred and 16 per cent of the ordinary shares, resigned from his position at BL, to become chairman of Suter.

It is believed that the Trade Department's investigation was set in motion by a report from the Stock Exchange's unit which monitors large movements in share prices.

In the 15 months since the DoT has had the power to prosecute for insider dealing offences it has looked at a number of cases *—probably more than 20—but so* far only two prosecutions have resulted.

The first case, in Scotland, ended with the discharge of the *accused, who had pleaded* ignorance of the law and reimbursed a jobber who had suffered from the "insider" basis of a transaction.

A *second case—the first to be* brought in England under the 1980 legislation—will be heard in Croydon next month. A husband and wife are being charged *with using price-sensitive* information (concerning an imminent takeover bid) to which the wife had access through her employment as a secretary in the corporate finance department of a merchant bank.

## FT Share Information

The following securities have been added to the Share Information Service:

Baillie Gifford Japan Trust (Section: Investment Trusts).

Radiant Metal Finishing (Industrials).

Speyhawk (Property).

### IMI COMPLETION

IMI, the Birmingham-based engineering and building products *group, has* completed the $32.5m acquisition, first agreed in principle last November, of The Cornelius Company of Minneapolis, U.S.

# Swiss base for N. M. Rothschild

The holding company of N. M. Rothschild, the famous City of London merchant bank, is to be based in Switzerland. It will be the parent company for all the associated companies of the bank.

Mr Evelyn de Rothschild, chairman of the bank, said the new company (which is called Rothschilds Continuation Holding A.G.) has been formed "to give us an opportunity to expand more readily overseas, particularly in the Far East and America. It will allow us more flexibility."

*He said that the move was not* motivated by political and taxation considerations, and stressed that the asets of the existing group remains in the UK.

He said that the establishment of a Swiss based holding company had the approval of the Inland Revenue and the Treasury.

Mr de Rothschild is the largest single shareholder in Rothschild Continuation, the UK based holding company of the bank. Other *major shareholders include* Sun Alliance Insurance Group.

# SelecTV subscriber level 'low'

THE PRESENT number of subscribers to SelecTV's three systems is 923, says Mr M. E. A. Shelmerdine, chairman of this USM quoted pay *television company*, in his interim statement.

The directors had hoped for a higher subscriber level by this time but have been hampered by a shortage of decoders from Telease, Inc, the licensors of *the MAAST technology and* decoder suppliers. Consequently, both the installation and subscriber revenue are currently running at lower than anticipated levels.

Contracts have been exchanged with Cable Vision (Wellingborough) to provide an additional pay television service to the town. This brings to the company a potential 8,500 extra subscribers and, in view of the decoder supply position, Cable Vision (Wellingborough) has agreed to allow temporary, less expensive, technology to be used.

This will be discarded when MAAST decoders are available. The capital cost of the temporary equipment supplied to a subscriber is less than the subscription revenue from one subscriber for one month.

SelecTV is advising a substantial newspaper consortium in the Far East with a view to providing a local pay television service, Mr Shelmerdine says. It is also continuing to investigate opportunities in Europe and Australia. However, the company's progress in the UK is still largely dependent upon the Government's policy on the future of broadcasting and communications.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interim—Raine Industries.

Finals—Barclays Bank, Blagden and Noakes, Fisons, Globe and Phoenix Gold Mining, Royal Insurance.

FUTURE DATES

Interims—

| | |
|---|---|
| AAH | Mar 8 |
| Martin (R. P.) | Mar 5 |

Finals—

| | |
|---|---|
| Fife Indmar | Mar 23 |
| Lunuva (Ceylon) Tea and Rbr. | Mar 10 |

# UU Textiles chairman quits

*For the third time in as many* years, the garment maker UU Textiles has a new chairman. Mr J. S. Dunn has resigned as chairman and managing director, to be replaced by finance director Mr C. Chambers.

Mr Dunn said "It would be incorrect for me to comment. I *am no longer working for the* company. Nothing untoward has happened. The group is now profitable and in a better position than it has been for quite *some time.*"

The company said, "Jeff Dunn was chairman in a caretaker capacity. He was due to leave in June 1982 anyway, but we decided that with the company having such a good order book it was the right time to leave. Prospects for the company are reasonable if not dynamic. The blokes now in charge are competent to run the company."

In October 1978 the loss-making UU Textiles, which has not paid a dividend since 1975, attempted to solve its financial problems through a reverse takeover of textile wholesaler E. Salbstein. Under the terms of the deal, Mr Richard Ratner, 29-*year-old chairman* of Salbstein became chairman of UU Textiles and his family acquired 59.3 per cent of its equity.

Despite a brief return to profits in the six *months to* December 1978, the company's problems mounted, and in 1980 it disposed of its knitwear subsidiary and three freehold properties. The wholesale side of Salbstein was also discontinued.

In July 1981 Mr Ratner resigned "due to the ill health of his wife" and managing director Mr Dunn, who had been with the company since 1976, took over as chairman.

In December 1980 the company had announced that it "expected to break even in the year to June 1981," but then made a pre-tax loss of £74,000.

This week the company announced that it had made a loss of £29,400 in the six months to December 25 1981. At the attributable level the losses were £42,700 (£4,500). In a statement the company said that since September the group had been trading profitably. The Ratner family still holds about 50 per cent of the equity.

## BIDS AND DEALS

### NEW VENTURA/ CAIRD (DUNDEE)

The offer by New Ventura Carpets for the ordinary capital of Caird (Dundee) has been accepted in respect of 2,447,938 shares (approximately 91.75 per cent) and acceptances totalling 11,062 shares have been received in respect of the offer for the preference shares (approximately 61.46 per cent).

The offer for the ordinary shares remains open until further notice and New Ventura Carpets intends to acquire compulsorily all the outstanding ordinary shares.

The offer for the preference shares remains open until March 12.

### GALLAGHER GP.

THE BUILDING and construction company, Gallagher Group has bid I£4.25m for H. Williams supermarket chain.

The bid, which the H. Williams board is recommending to shareholders, marks the first expansion by Gallagher out of property since the group declared its intention to expand in the supermarket business.

H. Williams, which is controlled by the family of John Quinn, lost £600,000 in 1980 and *has not* paid a dividend since 1979.

There is speculation that some of the company's sites might be developed.

**SPAIN**

| 1982 High | Low | | Feb 26 Price % |
|---|---|---|---|
| 339 | 261 | Banco Bilbao | 355 |
| 360 | 280 | Banco Central | 354 |
| 320 | 229 | Banco Exterior | 310 |
| 330 | 239 | Banco Hispano | 322 |
| 128 | 110 | Banco Ind. Cat. | 110 |
| 383 | 284 | Banco Santander | 362 |
| 235 | 148 | Banco Urquijo | 235 |
| 382 | 283 | Banco Vizcaya | 375 |
| 252 | 203 | Banco Zaragoza | 237 |
| 175 | 82 | Dragados | 172 |
| 75 | 45 | Espanola Zinc | 66 |
| 72 | 55 | Fecsa | 60.5 |
| 55 | 22 | Gal. Preciados | 43 |
| 82.7 | 63.5 | Hidrola | 65.7 |
| 62.5 | 50 | Iberduero | 51 |
| 102.5 | 70 | Petroleos | 99 |
| 104 | 70 | Petroliber | 94 |
| 102 | 14 | Sogefisa | 14 |
| 80 | 60 | Telefonica | 73 |
| 78.2 | 60 | Union Elect. | 63.7 |

Dates when *some* of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

| | Date | Announcement last year |
|---|---|---|
| APV | Mar 30 | Final 6.2 |
| *Anglo American Gold | Mar 11 | Final 600c |
| Armstrong Equipment | Mar 25 | Int. 0.55 |
| *Ault and Wiborg* | Mar 6 | Final 1.05 |
| BBA | Mar 26 | Final 0.9 |
| *BICC | Mar 24 | Final 6.4 |
| BSR | Mar 18 | Final nil |
| BTR | Mar 12 | Final 5.5 |
| Babcock Intl. | Apr 1 | Final 3.6 |
| *Barclays Bk. | Mar 1 | Final 9.25 |
| *Barratt Devpmts | Mar 17 | Int. 3.5 |
| Bejam | Mar 18 | Int. 1.25 |
| Bell (A.) | Mar 25 | Int. 2.332 |
| Bestobell | Mar 25 | Final 7.1 |
| *Bibby (J.) | Mar 16 | Final 4.925 |
| Boddingtons Breweries | Mar 19 | Final 1.6 |
| Booker McConnell | Mar 31 | Final 1.875 |
| Bowater | Apr 8 | Final 7.25 |
| British Aluminium | Mar 11 | Final 2.0 |
| *British Petroleum | Mar 15 | Final 14.0 |
| *British Vita | Mar 8 | Final 2.6 |
| Brown Boveri Kent | Apr 10 | Final 1.2 |
| Brown Bros. | Feb 26 | Int. 1.0 |
| *Bunzl Pulp and Paper | Mar 31 | Final 3.02 |
| *Cadbury Schweppes | Mar 11 | Final 2.9 |
| Cape Inds. | Mar 31 | Final 7.2 |
| *Carrington Viyella | Feb 24 | Final nil |
| Cement Roadstone | Mar 18 | Final 3.23 |
| *Cons. Gold Fields | Mar 3 | Int. 8.5 |
| *DRG | Mar 24 | Final 3.0 |
| *De Beers | Mar 9 | Final 50c |
| *Ductile Steels | Mar 16 | Int. nil |
| Eagle Star | Mar 25 | Final 5.5 |
| Fairclough Constr. | Mar 17 | Final 2.85 |
| *Fisons | Mar 1 | Final 3.1 |
| GRE | Apr 1 | Final 9.5 |
| *General Accident | Mar 3 | Final 7.25 |
| *General Mng. | Mar 4 | Final 100c |
| Gill and Duffus | Apr 8 | Final 4.81 |
| Glynwed | Apr 8 | Final 4.9 |
| Guest Keen | Mar 18 | Final 4.0 |
| *Guinness Peat | Mar 16 | Int. 2.75 |
| Hepworth Ceramic | Mar 19 | Final 4.285 |
| Higgs and Hill | Apr 8 | Final 2.8 |
| *Hongkong and Sh'ghai Bkg. | Mar 9 | Final HK$0.47 |
| Kleinwort Benson | Mar 26 | Final 6.0 |
| LWT | Apr 2 | Final 4.086 |
| Ladbroke | Apr 2 | Final 6.96 |
| Lead Inds. | Apr 9 | Final 5.98 |
| Legal and General | Apr 1 | Final 6.0 |
| Lex Service | Mar 19 | Final 4.2 |
| London Brick | Apr 8 | Final 2.632 |
| *Low & Bonar | Mar 29 | Final 9.5 |
| Lucas Inds. | Mar 26 | Int. 2.6 |
| *Midland Bank | Mar 19 | Final 14.0 |
| Mills and Allen Intl. | Mar 20 | Int. 5.0 |
| *Mitchell Cotts | Mar 4 | Int. 0.656 |
| Morgan Crucible | Apr 9 | Final 3.0 |
| News Intl. | Mar 25 | Int. 2.8365 |
| Ocean Transport | Mar 30 | Final 4.7 |
| Peachey Prop. | Mar 31 | Final 1.5 |
| Phoenix Ascs. | Apr 1 | Final 8.4 |
| *Prudential | Mar 24 | Final 7.0 |
| *Ransomes Sims and Jefferies | Mar 4 | Final 8.0 |
| Reckitt and Colman | Apr 1 | Final 5.0 |
| Reed (A.) | Apr 2 | Final 2.46 |
| *Rentokil | Mar 4 | Final 1.6 |
| Rockware | Mar 25 | Final 2.1 |
| *Royal Dutch Petroleum | Mar 11 | Final Fl 3.85 |
| *Royal Insce. | Mar 1 | Final 14.75 |
| Ruberoid | Apr 9 | Final 2.65 |
| *Scottish Metropolitan | Apr 6 | Int. 1.25 |
| Senior Eng. | Apr 8 | Final 0.75 |
| *Shell Transpt. | Mar 11 | Final 10.5 |
| Slough Ests. | Mar 25 | Final 1.66 |
| Smith and Nephew | Mar 24 | Final 2.6 |
| Staffs. Potts. | Mar 5 | Int. nil |
| Standard and Chartered | Apr 7 | Final 20.5 |
| STC | Mar 20 | Final 6.0 |
| Steetley | Mar 19 | Final 6.5 |
| Sun Alliance | Apr 1 | Final 18.0 |
| Taylor Woodrow | Apr 9 | Final 10.157 |
| Tilling (T.) | Mar 18 | Final 4.0 |
| *Transpt. Dev. | Mar 15 | Final 2.8 |
| Tricentrol | Mar 19 | Final 5.6 |
| *Tube Invs. | Mar 10 | Final 2.5 |
| *Turner and Newall | Mar 17 | Final 3.0 |
| *Ultramar | Mar 3 | Final 7.0 |
| *Unilever | Mar 2 | Final 13.97 |
| *Utd. Biscuits | Mar 11 | Final 2.5 |
| Utd. City Merchants | Mar 12 | Int. 0.6 |
| *Vickers | Mar 24 | Final 7.45 |
| Weir | Apr 1 | Final nil |
| Willis Faber | Mar 23 | Final 8.2 |
| Wolseley-Hughes | Mar 19 | Int. 4.4 |
| *Woolworth (F. W.) | Mar 10 | Final 3.569 |
| Yorkshire Chems. | Apr 8 | Final nil |

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 13½% | Robert Fraser | 14 % |
| Allied Irish Bank | 13½% | Grindlays Bank | ‡13½% |
| American Express Bk. | 14 % | ■ Guinness Mahon | 13½% |
| Amro Bank | 13½% | ■ Hambros Bank | 13½% |
| Henry Ansbacher | 13½% | Heritable & Gen. Trust | 13½% |
| Arbuthnot Latham | 14 % | ■ Hill Samuel | §13½% |
| Associates Cap. Corp. | 14 % | C. Hoare & Co. | †13½% |
| Banco de Bilbao | 13½% | Hongkong & Shanghai | 13½% |
| BCCI | 14 % | Knowsley & Co. Ltd. | 14 % |
| Bank Hapoalim BM | 13½% | Lloyds Bank | 13½% |
| Bank Leumi (UK) plc | 13½% | Mallinhall Limited | 13½% |
| Bank of Cyprus | 13½% | Edward Manson & Co. | 15 % |
| Bank Street Sec. Ltd. | 15½% | Midland Bank | 13½% |
| Bank of N.S.W. | 13½% | ■ Samuel Montagu | 13½% |
| Banque Belge Ltd. | 14 % | ■ Morgan Grenfell | 14 % |
| Banque du Rhone et de la Tamise S.A. | 14 % | National Westminster | 13½% |
| Barclays Bank | 13½% | Norwich General Trust | 13½% |
| Beneficial Trust Ltd. | 15 % | P. S. Refson & Co. | 13½% |
| Bremar Holdings Ltd. | 14½% | Roxburghe Guarantee | 14½% |
| Bristol & West Invest. | 15 % | E. S. Schwab | 13½% |
| Brit. Bank of Mid. East | 13½% | Slavenburg's Bank | 13½% |
| ■ Brown Shipley | 14 % | Standard Chartered | ‖13½% |
| Canada Perm't Trust | 14½% | Trade Dev. Bank | 13½% |
| Castle Court Trust Ltd. | 14 % | Trustee Savings Bank | 13½% |
| Cavendish G'ty T'st Ltd. | 15½% | TCB Ltd. | 13½% |
| Cayzer Ltd. | 14 % | United Bank of Kuwait | 13½% |
| Cedar Holdings | 14 % | Whiteaway Laidlaw | 14 % |
| ■ Charterhouse Japhet | 14 % | Williams & Glyn's | 13½% |
| Choulartons | 14 % | Wintrust Secs. Ltd. | 13½% |
| Citibank Savings | ¶14 % | Yorkshire Bank | 13½% |
| Clydesdale Bank | 13½% | | |
| C. E. Coates | 14 % | | |
| Consolidated Credits | 13½% | | |
| Co-operative Bank | *13½% | | |
| Corinthian Secs. | 13½% | | |
| The Cyprus Popular Bk. | 13½% | | |
| Duncan Lawrie | 13½% | | |
| Eagil Trust | 13½% | | |
| E.T. Trust | 14 % | | |
| Exeter Trust Ltd. | 14½% | | |
| First Nat. Fin. Corp. | 16½% | | |
| First Nat. Secs. Ltd. | 16½% | | |

■ Members of the Accepting Houses Committee.

* 7-day deposits 11.00%. 1-month 11.25%. Short term £8,000/12 month 13.6%.

† 7-day deposits on sums of:—under £10,000 11.00%. £10,000 up to £50,000 11¼%. £50,000 and over 12¼%.

‡ Call deposits £1,000 and over 11%.

‖ 21-day deposits over £1,000 12%.

§ Demand deposits 11%.

¶ Mortgage base rate.

# Public Works Loan Board rates

**Effective February 27**

| Years | Quota loans repaid by EIP† | A‡ | at maturity§ | Non-quota loans A* repaid by EIP† | A‡ | at maturity§ |
|---|---|---|---|---|---|---|
| Up to 5 | 14½ | 14⅝ | 15 | 15½ | 15½ | 15½ |
| Over 5, up to 6 | 14¾ | 14¾ | 15⅛ | 15⅝ | 15⅝ | 15⅝ |
| Over 6, up to 7 | 14⅞ | 14⅞ | 15 | 15⅝ | 15⅝ | 15⅝ |
| Over 7, up to 8 | 14⅞ | 15 | 14⅞ | 15⅝ | 15⅝ | 15⅝ |
| Over 8, up to 9 | 15 | 15⅛ | 14¾ | 15⅝ | 15⅝ | 15⅝ |
| Over 9, up to 10 | 15⅛ | 15⅛ | 14¾ | 15⅝ | 15⅝ | 15⅝ |
| Over 10, up to 15 | 14⅞ | 14⅞ | 14½ | 15⅝ | 15½ | 15½ |
| Over 15, up to 25 | 14⅝ | 14⅝ | 14⅝ | 15⅜ | 15¼ | 15¼ |
| Over 25 | 14⅝ | 14½ | 14½ | 15¼ | 15¼ | 15¼ |

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

THE TRING HALL USM INDEX

116.0 (−0.7)

close of business 26/2/82

BASE DATE 10/11/80 100

LADBROKE INDEX

Close 543-548 (−5)

EL SALVADOR

# The Catch-22 for Mr Reagan

By Anatole Kaletsky in Washington and Hugh O'Shaughnessy in London

HISTORY SOMETIMES repeats itself, but not often. The word "Vietnam" is on everybody's lips in Washington at the moment, as the guerrilla war in El Salvador intensifies towards another bloody climax ahead of the March 28 elections.

The old slogans of the "domino theory" have been disinterred for what the Reagan Administration insists is "the decisive battle for Central America." And Administration spokesmen have turned again to the concept of "incrementalisms," the process of escalating military involvement by a series of almost imperceptibly small steps which drew the U.S. into Vietnam, to describe U.S. strategy in El Salvador.

But it is becoming clear that, despite the much-vaunted right-wing backlash which brought President Reagan to power, Vietnam has created a lasting dread of any similar adventure among the American people.

Last week a Newsweek opinion poll showed 89 per cent opposition to direct military intervention in El Salvador. And it is impossible to imagine Congress approving of U.S. troop deployment. The War Powers Act, passed after the Vietnam war had ended, makes it exceedingly hard for any U.S. government to send in combat troops without such approval.

Furthermore, the Reagan Administration's attempts to raise the alarm about Marxist-Leninist insurgency in central America are backfiring. El Salvador may be closer to California than California is to Washington, as one Republican congressman from that state pointed out recently in justifying his support for stepping up aid for the Duarte Government. But the Catch-22 for President Reagan and his supporters on this issue is that every appeal for more assistance for the beleaguered Salvadorean leader only emphasises the weakness of his position and seems to confirm fears either that direct U.S. military involvement will eventually be required or that the war there will simply become a "bottomless pit" for American money, armaments and prestige.

Meanwhile, Washington finds itself more and more isolated from its allies in Europe who have, almost to a man, made it plain that they consider social conditions in Central America, and not any real or imagined Soviet mischief-making, to be the prime cause of unrest and insurgency.

In Europe, only Britain has so far agreed to a U.S. request to send observers to the March poll. The U.S. line on El Salvador has been countered with varying degrees of vehemence by the right-of-centre Governments in Sweden and Belgium at one end of the political spectrum and the Mitterrand administration at the other.

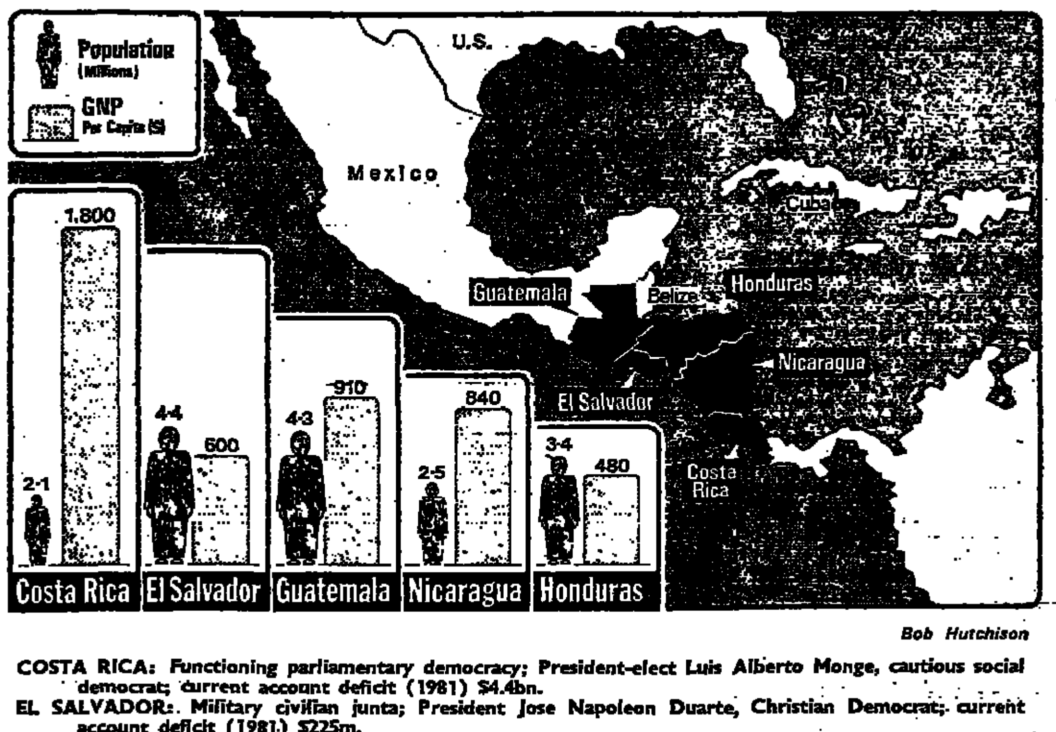
A "military solution" may thus appear to be ruled out. But President Reagan, in his major speech on Latin American policy last week, made no bones about how he views "the true nature of the conflict in El Salvador."

He said that "guerrillas, armed and supported by and through Cuba, are attempting to impose a Marxist-Leninist dictatorship on the people of El Salvador as part of a larger imperialistic plan." The U.S. would "do whatever is prudent and necessary to ensure the peace and security of the Caribbean area."

The addition of the word "prudent" to Mr Alexander Haig's earlier blunt warning that "whatever is necessary" would be done to stop the guerrillas in El Salvador may indicate growing sensitivity to domestic and international feeling about U.S. policy.

But even without external pressure, there is no Administration consensus for the sort of intervention that doing "whatever is necessary" might imply. For example, Mr Caspar Weinberger, the Defence Secretary, is believed to be worried that the present furore over El Salvador may undermine the nation's enthusiasm for the whole Reagan rearmament programme and is distracting attention from what he regards as the infinitely more important issue of Poland and U.S.-Soviet relations.

So the centrepiece of the Administration's strategy has become the March 28 election. The State Department's hope, according to a senior official there, is that the constituent assembly which these elections create will lead to a Government which satisfies three essential conditions: that it is "reform-minded," that it has "some democratic legitimacy" and that it "will not create horror stories about violence in tomorrow's Washington Post."



Bob Hutchison

**COSTA RICA:** *Functioning parliamentary democracy; President-elect Luis Alberto Monge, cautious social democrat; current account deficit (1981) $4.4bn.*

**EL SALVADOR:** *Military civilian junta; President Jose Napoleon Duarte, Christian Democrat; current account deficit (1981) $225m.*

**GUATEMALA:** *Democratic forms but effective military rule; President General Romeo Lucas Garcia; current account deficit (1981) $250m.*

**NICARAGUA:** *Revolutionary government with Marxist and Christian elements; current account deficit (1981) $430m.*

**HONDURAS:** *Parliamentary rule with military influence; President Roberto Zuazo Cordoba; current account deficit (1981) $300m.*

If President Jose Napoleon Duarte's Christian Democrats win convincingly the first two of these objectives at least may be met. The Organisation of American States (including its democratic members, such as Costa Rica, Venezuela and Peru) has strongly backed the elections. The bishops of El Salvador gave their qualified endorsement last week (even though Catholic leaders in the U.S. have condemned U.S. policy in El Salvador and pointed out that the local bishops' support has been grudging and may have resulted from pressure).

On the second question—reform—the Christian Democrats are still committed to land redistribution though they have achieved pitifully little of the land reform promised in October 1979 when liberal army officers, backed both by the Christian Democrats and by the Social Democrats (who have now joined the guerrilla movement) overthrew the military oligarchy of General Carlos Romero. Indeed State Department officials claim that there is very little difference on substantive issues between the Christian Democrats and the Social Democrats, who left the original coalition mainly because they saw the old rightist military re-emerging to dominate the Government.

But, there are few illusions even in Washington, that the election will accomplish the third objective, the re-establishment of some semblance of order in the country. At best the legitimisation of the Duarte Government could increase its bargaining power with the military who are supposed to serve it, but in fact act without reference to Duarte or against his orders. If this allowed reforms to proceed more rapidly and violence to be curbed, it could further dissipate support for the guerrillas and conceivably lead to a split between the extremists and the moderates in the FMLN/FDR insurgent coalition.

But, even if the Christian Democrats do well, there is no guarantee that they will be able to gain control over the armed forces and chart the country's political progress. More ominous is the possibility that the two extreme right parties which are the Christian Democrats' only serious opponents in the elections will succeed in undermining Sr Duarte's credibility or even oust him altogether.

If Colonel Roberto D'Aubisson, who claims to see little difference between Christian Democrats and Communists, should emerge after the elections as the most powerful figure in El Salvador, the State Department admits it would be faced with an acute dilemma.

Unless he could galvanise the military into achieving a rapid, if bloody, victory over the guerrillas, congressional and public pressure to abandon El Salvador to the insurgents would probably be almost irresistible.

It is perhaps not surprising that for now U.S. policymakers try to avoid looking beyond the March 28 elections. Their public statements so far have boxed them into a corner. While formally "ruling nothing in or out" they have created the impression that negotiations with the insurgents are impossible and hence that a military solution may be inevitable.

The political realities appear to indicate that in fact, a military solution would be impossible, making negotiations of some kind almost inevitable.

In advance of this, energetic efforts are being made behind the scenes to prepare the way for eventual talks. The FDR or the civilian arm of the FMLN guerrillas, headed by Sr Guillermo Manuel Ungo and Sr Héctor Oqueli have been presenting their ideas for "negotiations without preconditions."

A week ago President José Lopez Portillo of Mexico urged the U.S. to avoid the "gigantic historical error" of intervening in Central America and to seek instead a "compromise solution." This would inevitably involve its policy on Nicaragua as well as El Salvador, since acknowledgement that the Salvadorean guerrillas had some legitimacy would remove the main plank of U.S. attacks against Nicaragua.

The Carter foreign policy of promoting human rights and social reforms in Latin America, even at the expense of undermining "friendly" right-wing dictatorships, which led to left-wing victory in Nicaragua and the collapse of the Romero dictatorship in El Salvador in 1979, still has strong support in Congress and in parts of the State Department.

Against his instincts and the judgment of many of his advisers, Mr Reagan may yet find his own foreign policy moving the same way.

In the shadows meanwhile is the spectre of war in neighbouring Guatemala which some State Department officials forecast will be even bloodier than that in El Salvador. There a newly unified group of left-wing guerrilla organisations are presenting a serious challenge to the military government, whose leader, General Romeo Lucas, genuinely looks on President Reagan as a dangerous liberal.

## Lombard

# How to drive to Glasgow

By Samuel Brittan

SHOULD TOTAL spending, as measured by Money GDP be the final target for expressing the goals of monetary and fiscal policy? The suggestion that it should has now been condemned by Professor Wynne Godley of Cambridge and by the NIESR Review as well as by purist monetarists from the City University in their Annual Monetary Review, in Buckmaster and Moore's Economic Comment and in a new IEA Occasional Paper, Could Do Better.

Roger Bootle of Capel-Cure Myers conveniently, if not quite consistently, encapsulates criticism from both schools of thought in today's Letters to the Editor column. Although Chancellors often cite criticism from opposing camps as proof that they are right, I ought at least to give a very summarised reply.

A Money GDP target is not a piece of black magic, panacea or incantation. Nor is it meant to replace other economic indicators or other kinds of economic policy. It is based on a particular view of the economy but a view that lies behind the Government's Medium Term Financial Strategy or any improved financial strategy that might replace it.

The basic view is that increases of monetary demand have their ultimate effects on prices, but for a transitional period will affect both output and prices in proportions which the Government can neither control nor precisely forecast. By expressing the money GDP objective as a fairly long moving average, one is ensuring against any inflationary explosion, without hitting output on the head simply because it is bound to rise in irregular spurts.

An "old Keynesian" who still believes that the Government can determine output in the longer term by injecting demand is absolutely right to reject a money GDP target. But then he would have to argue that if monetary demand had grown even faster in the 1970s than by the fourfold increase which did take place the result would have been higher output and not just more inflation.

The criticisms from the monetarist camp put me in mind of Oscar Wilde's "God protect me from my friends. I can take care of my enemies." The monetarists nearly all want to control the money supply as a means to controlling local spending in money terms. But as soon as someone tries to emphasise the aim rather than the means he is accused of believing that one can dispense with means, not knowing about the lagged effects of excessive monetary growth and 5m other crimes.

Let me adapt an analogy from an article on Control Theory in the new London Business School Economic Outlook. Suppose that you are intended to drive from London to Glasgow. The "Old Keynesian" critics say that Glasgow is not a sensible destination. The pure monetarists accuse one of ignoring the route.

The City University economists emphasise the Sterling M3 highway. Other monetarists emphasise the narrower M1. A third group stresses putting the right amount of PSBR petrol into the tank.

An emphasis on *destination* enables a driver to switch routes in the light of obstacles actually met or anticipated, without appearing to do a U-turn or abandoning the destination. New information might indicate a change of route, eg. from M1 to Sterling M3 or even a short period on the very slippery exchange rate highway. It may also indicate a change of monetary speed.

Until some coherence is introduced, the person who emphasises "Glasgow" seems to be adding to the confusion already engendered by those who are heatedly arguing about which M route to take. But the only hope of engendering clarity is by insisting on Glasgow all the same.

Nor is the matter merely presentation or confined to the expectations of passengers. Unless the drivers realise where they are going they will be bad at devising routes. This is especially so for "permanent official" drivers, who may not believe in the destination in the first place, and who may be all too inclined to stick regardless to a particular route because of what they regard as a political directive, and thus escape responsibility if they end up in the Irish Sea.

# Letters to the Editor

## The purposes—and failures—of monetary targets

*From Mr R Bootle.*

Sir,—In his article "Why mumbo-jumbo is winning" (February 18), Samuel Brittan reiterated his by now well-known view on the merits of money GDP as an economic indicator or target, but he gave the argument against it short shrift, and no doubt left those unversed in the technicalities of monetary targets in a state of some confusion. Yet Mr Brittan's enthusiasm for the concept, and the importance of the issues, deserve a reply.

There are two fundamental purposes of monetary targets. The first is to act as an intermediate objective to guide (and constrain) official policy with the aim of allowing monetary demand, the ultimate objective, to expand at an appropriate pace. The second is to proclaim a commitment to the public that government policy will be directed towards expanding demand at that rate, in the hope that this will influence expectations.

By blurring this distinction Mr Brittan may have confused the issue. Money GDP cannot act as a target in the first sense. The aim of a monetary target, or indeed any sort of financial policy, is to influence money GDP in the future. Money GDP cannot itself take on this role, not because, as Mr Brittan argues, statistics on it appear with a delay of a few quarters, nor because, as he admits, it fluctuates a good deal from quarter to quarter, but rather because the only feasible guides to policy now are those current variables which have an influence on the future. Even if money GDP statistics were available with as short a lag as the money supply figures, this would do nothing to compensate for the fact that the current value of money GDP does not, except in a statistical sense, have an influence on money GDP in the future.

Mr Brittan might well acknowledge this since he argues that a money GDP target should not replace the various measures of money supply but supplement them. This addition is important, he argues, because without a specified money GDP objective operating with a family of monetary variables has "so many escape clauses that almost anything that happened would be permissible within the so-called strategy." By contrast, given a specified money GDP target, operating with the same family of variables would provide "flexibility." But the escape clauses and the flexibility seem to me to be the same thing. If we really do not know what particular combinations of the exchange rate, interest rates, and monetary growth will keep money GDP growing at a particular rate, we do not know it whether or not we publish money GDP targets.

This brings us to the second function, for which money GDP is a genuine candidate. Although the Government has had some success in reducing inflation this can hardly be due to the success of monetary targets. They have been a failure partly because they have been wildly overshot, but more importantly because wage bargainers have simply ignored them.

How could money GDP do any better? Bearing in mind the appalling record on £M3 control, it is perhaps difficult to see how money GDP could do any worse on the score on controllability, but in principle it is *less* controllable than £M3, being further removed from the instrument of policy over which the authorities do have control. Moreover, in order to influence it, the authorities have to control, if not £M3, then variables similar to it.

When it comes to impingeing on the thoughts of wage bargainers, I cannot see why money GDP would be more effective than the money supply. Without a breakdown between price and output changes, a figure for monetary demand or money GDP is virtually useless. If you tell the manager of a company that in a year's time money GDP will be rising by 10 per cent, it makes an enormous difference whether this represents a 10 per cent increase in prices or a 10 per cent increase in output. If the former, his company's costs will be increasing by about 10 per cent; if the latter, not at all. In the former case, the company might go out of business if it did not increase its prices by about 10 per cent; in the latter, it might go out of business if it did.

This is why the Treasury objection (which Mr Brittan dismisses), that money GDP adds together apples and pears is correct, as is the associated objection that following a money GDP target could lead a government to knock an incipient economic recovery on the head. Mr Brittan's reply to this is to take a two-year moving average of Money GDP which, he argues, would not be much affected by a short-term spurt in output. The trouble is that a two-year moving average would not be much affected by a short-term spurt in anything—including prices. That is the nature of moving averages.

I sympathise with Mr Brittan's disillusion with monetarist "mumbo-jumbo" but I cannot see how adopting money GDP as a formal target would provide a way out.

Roger Bootle,
Capel-Cure Myers,
*Bath House,*
*Holborn Viaduct, EC1.*

## The new issue market

*From Mr R. Buckland*

Sir,—I continue to be wryly amused at commentaries upon the London new issues markets and especially upon their reluctance to employ the tender method of issue for equities of established companies.

There is, of course, ample evidence to show that offers of company shares by tender involve substantially lower opening premia than alternative fixed price methods, without apparent increases in underwriting risk. It has been found that oversubscribed issues are consistently and accurately predicted by yourselves in plenty of time for stags to swill funds out of one bank into another. The reluctance of City institutions to innovate in tender methods cannot be attributed to any lack of success in their past use. The Lex comment (February 22) that the tender system "may have serious limitations with a very large equity issue" flies in the face of such evidence as one has for both London and Continental markets and it ignores the possible attractions of variants such as multiple-bid tenders, which are eschewed by the City in favour of the single shot, non-negotiable offer.

Far from being innovative, the City has shown itself here to have all the marketing sophistication of a mock auction organiser — and presumably the same lofty opinion of their clients' intelligence. Might one, in passing, have the temerity to ask Messrs Rothschild to justify the "underwriting" commission for Amersham International?

Roger Buckland.
The University of Aston
Management Centre,
*158, Corporation Street,*
*Birmingham*

## Meeting the social need

*From Mr A. Glyn*

Sir,—Neither of your correspondents, Mr O'Brien (February 17) and Mr Hall (February 19) make any attempt to dispute the contention of my article that our present economic system offers no prospect of restoring full employment in the foreseeable future.

Of course, as Mr Hall says, those currently employed expect a decent standard of living. It is not the City which will provide them with the necessary consumer goods, but their own efforts. The gross domestic product this year will be around £275bn. Taking into account of the numbers of unregistered unemployed, full employment would involve increasing the number of those at work by about 20 per cent. Productivity would rise as well as capacity was better utilised, so an increase in output of 25 per cent is entirely possible. This would represent an extra £70bn or so of production, representing an additional £25 per week for every person, from baby to old-age pensioner, in the country. This is a measure of the devastating economic waste involved in mass unemployment. Goods are not produced by money of course; but in the present economic system they are produced for money; this gives the City, as guardian of private profit, its crucial role.

Unlike the position in 1945 the present situation of economic crisis means that Mr Hall's criterion of what people "are willing to pay for" (he should have said "able to pay for") is incompatible with full employment. Production must be planned according to the criterion of social need.

Simply nationalising the major companies in the economy does not guarantee a sucessful expansion as both your correspondents point out. Nationalisation must be of a completely different type to that operated in the UK since 1945. Those who do the work must be fully involved in ensuring that what happens in their workplaces fits in with democratically decided priorities. The experience of the Soviet Union and Eastern Europe shows clearly the inefficiencies of bureaucratic dictatorial methods. The alternative is not to passively accept the dictatorship of the market but to forge genuinely democratic forms of planning.

Andrew Glyn.
*Corpus Christi College,*
*Oxford.*

U.S. BONDS

# Mid-week reverse shows underlying scepticism

A NOTE of anxiety crept into the bullish U.S. credit markets last week, and eventually came to dominate the mood. Whether this will put a stop to the rally is not clear, but it shows how close to the surface scepticism still lies.

The markets began the week in good shape, extending the strong rally of the week before. The Fed Funds rate fell nearly 3 percentage points from the previous week's close to 12.50 per cent on Wednesday, and this helped the whole maturity spectrum. Encouraged by what they saw, the major banks cut their prime rate from 17 per cent to 16½ per cent while bonds rose to levels about 5 per cent above their recent lows.

Yet in the second half of the week, the market went into reverse. The Fed funds rate bounced back up again and closed sharply higher on Friday at 14½ per cent. Bonds were also off more than a point from their highs of the week. The latest inflation figures, which showed prices rising by only 0.3 per cent a month, failed to provide any cheer.

The change in mood stemmed partly from the Federal reserve's apparent reluctance to add reserves to the system at a time when Wall Street money market analysts had calculated they would be in short supply. Some people read this as a sign of credit tightening—wrongly, as it turned out.

On Friday evening the Fed took the highly unusual step of announcing that reserves would be over-plentiful this week for various technical reasons to do with treasury deposits. This was apparently why the Fed decided not to supply the market last week.

This revelation, cryptic though it is, strongly implies that the Fed funds rate will fall again early this week, which would be bullish for the market in general.

Yet last week's weakness was also due to renewed worries about the money supply — which turned out to be justified. M1 rose by $1.2bn — not an enormous figure but a setback to those who were looking for more drops like that of the week before.

M1's growth over the latest quarter is now 11.2 per cent on an annual basis, exactly twice the Fed's maximum target. But the Fed's restrained handling of the recent alarming behaviour of M1 has taken much of the sting out of the money supply crisis. If the market has any big worries, they have shifted back to the threat posed by the Federal budget deficit, which looms larger than ever.

The decline in interest rates poses something of a challenge for U.S. corporate treasurers. Is this one of those rare "windows," where they should reach in quickly for some well-priced money before rates come down further? Or can they afford to wait?

Judging by the comparatively small pick-up in the pace of borrowing last week (in contrast to the Euromarkets), treasurers do not appear to be in any great hurry. But investment bankers report a surge in requests for advice, suggesting that the volume of new issues could accelerate in the weeks ahead.

In a rare "commercial" for the bond market, Mr Paul Volcker, the Fed chairman, said last week: "Given reasonable confidence in the success of an anti-inflation programme, today's bond market would appear to offer extraordinary investment opportunities." That is about the closest thing to an interest rate prediction Mr Volker has ever made.

The Treasury's current needs—for once—are relatively small, giving the market a bit of a breathing space. It's cash balance is unexpectedly high for this time of year, and no major issues are planned except for the regular auctions of treasury bills and the like.

**David Lascelles**

U.S. INTEREST RATES (%)

| | Week to Feb 26 | Week to Feb 19 |
|---|---|---|
| Fed. funds wkly. av. | 13.20 | 15.13 |
| 3-month Treas. bills | 12.31 | 13.24 |
| 3-month CD | 13.90 | 15.00 |
| 30-year Treas. bonds | 13.70 | 14.02 |
| AAA Util. | 16.00 | 16.38 |
| AA Industrial | 15.25 | 15.75 |

Source: Salomon Brothers (estimates). In the week to February 17 M1 rose $1.2bn to a seasonally adjusted $447.7bn.

# Boliden raises dividend despite profit downturn

BY WILLIAM DULLFORCE IN GOTHENBURG

BOLIDEN, the Swedish metals and chemicals group, reports a fall in pre-tax profit from SKr 429.9m in 1980 to SKr 278.2m ($48.8m) last year. The board nevertheless proposes to raise the dividend by SKr 1 to SKr 15 a share for a total payment of SKr 69.4m.

Group sales advanced slightly more than 4 per cent to SKr 5.77bn ($1bn). Sales of Supra, the Swedish fertiliser company, which was sold to Norsk Hydro during the year, are included for the first nine months.

Adjusted net income dropped from SKr 42 to SKr 38 a share, of which SKr 7 came from the sale of Boliden's interest in Supra.

After extraordinary items, the pre-tax profit is SKr 303m against SKr 340m. This corresponds to a return on capital employed of 14 per cent, which is 2 per cent lower than in 1980.

At the pre-tax level, Boliden shows a profit of no less than SKr 330m from futures trading in metals. Earnings by Boliden Minerals, a mining subsidiary, tumbled from SKr 257m to SKr 35m while the metal subsidiary slumped from a SKr 20m profit into a SKr 40m loss.

The result of the mining operations was badly affected by a production shortfall of more than 2m tons of ore at the Aitik mine, where trouble was experienced with new plant intended to expand capacity from 8m to 11m tons of ore a year.

Group copper output rose by 30 per cent during the year but lead output was halted for several months by an explosion at one of the works. The loss on metals production was mainly due to low prices.

The chemical business was hampered by weak demand on the Swedish market but the devaluation of the krona in September opened the way for increased exports.

Chemicals improved earnings from SKr 13m to SKr 40m.

Mr John Dahlfors, the managing director, says Boliden reinforced its financial standing during 1981 by the sale of Supra and an increase in the market value of its investment portfolio to SKr 750m.

The high interest rates in the U.S. add to the uncertainty over Boliden's prospects for 1982. Mr Dahlfors estimates that earnings can be kept at the 1981 level provided business conditions improve in the second half and metal prices increase.

● ASTRA, the leading Swedish pharmaceutical group, has reported final group profits before extraordinary items of SKr 240m ($41.6m) for 1981, up 32.5 per cent from the previous year's SKr 181m. Sales in 1981 were SKr 2.25bn ($390m), up from — SKr 1.99bn in 1980, our Financial Staff writes.

The company reported during the course of last year rapid sales growth for its drug products in Britain, Australia and Mexico. Last May it concluded a joint venture with Merck for development and marketing in the U.S.

# Citroen loss as bad as 1980

By Terry Dodsworth in Paris

AUTOMOBILES CITROEN, one of the main subsidiaries of France's Peugeot motor group, is expecting losses for the 1981 financial year at least equal to the FFr 443m ($73.8m) deficit of 1980.

In what has turned out to be an extremely difficult year for the French motor industry, Citroen raised its turnover by only 6.3 per cent to FFr 19.1bn. This relative decline, after taking inflation into account, was reflected in a further drop in vehicle production from 622,000 units in 1980 to 578,500. In 1979, output had reached 804,000 vehicles.

Citroen's losses, mainly caused by problems in Argentina, was an important element in the FFr 1.3bn deficit run up by the whole of the Peugeot group for the 1981 year.

Investments last year were maintained at around the same level of FFr 2bn achieved in 1980, the company says, mainly at its new engine plant in Lorraine. Most of the expenditure on this factory has now been made.

# Bahrain issue 400 times oversubscribed

BY MARY FRINGS IN BAHRAIN

A PUBLIC SHARE issue by Bahrain International Bank (BIB) has been more than 400 times oversubscribed, with would-be investors prepared to put up U.S.$11.8bn for the 28m $1 shares on offer.

Although it had been clear for some weeks that the issue had attracted enormous interest, much of it from Kuwaiti investors, the final total of funds available has exceeded even the highest previous estimates.

Each Bahraini subscriber will be allotted 88 shares for the maximum 30,000 applied for, while residents of other Gulf states will be allotted 66 shares apiece. The difference arises from the fact that 20 per cent of the issue was specifically reserved for Bahrainis.

BIB, which is financed mainly from Kuwait, will be incorporated in Bahrain as an Exempt Company under regulations which allow a company freedom from tax liability and from the requirement of a 51 per cent Bahraini-owned majority, provided that it does not compete on the local market.

So great has been the interest in the offshore investment companies proposed under this formula, however, that the Bahrain Monetary Agency was obliged last month to declare a 12-month moratorium on the formation of new offshore banking units and investment companies. Four share issues for offshore banks, including that for BIB, had by then been approved by the BMA.

The share allotment was worked out using a factor of .00245 for subscriptions from Bahrain and .00172 for others, plus 15 shares across the board. A total of 444,314 names were registered with the auditors handling the issue, and 419,576 subscriptions were received.

Over $600m was deposited with the Bahrain Monetary Agency as the required 5 per cent cash margin on subscriptions, but it is estimated that investors had to find only 1 per cent from their own pockets, with the remainder financed by offshore banks.

## INTERNATIONAL APPOINTMENTS

### Senior posts at Cincinnati Milacron

● CINCINNATI MILACROM INC. has elected Mr Clifford R. Meyer as president and chief operating officer. Mr Daniel J. Meyer was elected vice president finance and administration. Both promotions are effective immediately. Mr James A. D. Geier, who previously held the title of president, remains chairman of the board and chief executive officer.

● Dr Steward S. Flaschen has been elected senior vice president and general technical director of INTERNATIONAL TELEPHONE AND TELEGRAPH CORP., New York. He will have worldwide responsibility for all research, development and engineering undertaken by the corporation. He is assuming the post previously held by Mr Albert E. Cookson, who has been appointed ITT chief scientist, a position most recently held by the late Dr Henri Busignies.

● Mr Keith Payne, vice chairman and deputy chief executive of Charles Barker Lyons, has joined the board of CHARLES BARKER AUSTRALIA PTY.

● Mr Bernard Butcher, formerly a director of Bank of American International in London, has joined CROCKER INTERNATIONAL BANK in San Francisco as senior vice president in charge of the loan syndication group in the bank's merchant banking division. Mr Butcher will supervise syndication units in San Francisco, London and Hong Kong. Mr George E. Williamson, formerly senior associate in the corporate finance department of Morgan Stanley and Company, Inc. in New York, will join Crocker as a vice president in the merchant banking division in San Francisco. He will work in the mergers and acquisitions field.

● Mr David Marris, at present a local director of Barclays Bank's Manchester district, has been appointed a Caribbean director at BARCLAYS BANK INTERNATIONAL'S Caribbean head office in Barbados, from May 10.

● Mr Fritz Josi, chief executive of Bank von Ernst in Bern, has been appointed to the board of HILL SAMUEL AND CO. (JERSEY).

● Dr Frank L. Wiswall, Jr., admiralty counsel to the Liberian Bureau of Maritime Affairs, has been elected chairman of the LEGAL COMMITTEE OF THE INTERGOVERNMENTAL MARITIME CONSULTATIVE ORGANISATION (IMCO) for 1982/83.

Dr F. L. Wiswall, Jr

● Mr Harry A. Thompson II, has been appointed vice president in charge of the estates and guardianship section of MELLON BANK'S trust and investment department. In this new role, Mr Thompson will have supervisory responsibility for the administration of all decedent and guardianship estate accounts. In addition, he will serve as chairman of the Trust Administrative Committee, which reviews all account administrative policy and establishes account compensation.

● RELIANCE FINANCIAL GROUP INCORPORATED has made the following appointments: Mr Michael J. Blake, senior vice president—taxes; Mr Bruce L. Sokoloff, senior vice president—administration; and Mr Herbert Wender, senior vice president and group controller. Mr Blake was elected vice president—taxes, with responsibilities for corporate taxes worldwide in 1978.

● ASARCO INC., New York, plans to elect Mr Ralph L. Hennebach chairman and chief executive officer and Mr Richard de J. Osborne president, from April 28. The current chairman and chief executive officer Mr Charles F. Barber will retire at age 65. Mr Osborne is currently executive vice president and chief financial officer, and Mr Hennebach is currently president.

● Mr E. Kears Pollock has been named director of glass research and development for PPG INDUSTRIES, Pittsburgh. He had been glass patent counsel since 1977. In his new post, Mr Pollock is responsible for glass research operations at Harmarville and Creighton, Pa., and Cumberland, Md. The laboratories perform basic and applied research and development related to float and special-composition glasses as well as automotive, architectural, aircraft and specialty glass products.

● Ms Christine Downton has been named senior consultant to the president of the FEDERAL RESERVE BANK OF NEW YORK. As a full-time consultant, Ms Downton will concentrate on long-term projects, the bank said. She will primarily provide advice on matters concerning developments in international and domestic financial markets, and their implications for policy. Ms Downton, 39, previously held positions with private United States and British banking and financial institutions, as well as the Bank of England.

● Mr Ellmore C. Patterson, retired chairman and chief executive officer of J. P. Morgan and Co. Inc. and its wholly-owned subsidiary, Morgan Guaranty Trust Company of New York, has been elected a director of COMMERCIAL UNION CORPORATION, Boston and of CU Leasing Corporation. He has also been appointed to CUC's committee of financial advisors. Commercial Union Corporation is the holding company of the Commercial Union Insurance Companies and CU Leasing Corporation. Commercial Union Corporation is the U.S. operation of the London-based Commercial Union Assurance Company.

● AMERICAN INTERNATIONAL GROUP has incorporated A.I.G. Political Risk, as a member of the group. The new company has offices in New York, and underwrites political risk for UK and European companies from its London office. Mr R. E. Svensk has been appointed president, based in New York and Mr M. F. M. Wright is appointed vice president, based in London.

● Mr William G. Pfaff, vice-president of personnel and chief EEO and labour relations officer with the Federal Reserve Bank of Atlanta, has been elected senior vice-president and head of AMERICAN SECURITY BANK'S human resources division. He will have full personnel responsibilities including recruitment and training.

# FT INTERNATIONAL BOND SERVICE

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Anheuser-Busch 16½ 88 | 100 | 102¾ | 103¼ | 0 | +0½ | 15.71 |
| APS Fin. Co. 17¼ 86 ... | 60 | 104½ | 105 | 0 | +0½ | 15.64 |
| APS Fin. Co. 16¾ 89 ... | 75 | 100⅝ | 101 | +0⅛ | +0⅜ | 16.04 |
| Armco O/S Fin. 15½ 86 | 50 | 99⅛ | 99⅝ | −0⅛ | 0 | 15.51 |
| Bank Montreal 16¼ 91 | 150 | 101⅛ | 101⅝ | 0 | +1⅛ | 15.92 |
| Br. Colum. Hyd. 16¼ 88 | 100 | 102⅛ | 102⅝ | +0⅛ | +1⅜ | 15.59 |
| Br. Colum. Mfg. 17 87 | 54 | 103⅝ | 104⅛ | 0 | +0⅜ | 16.25 |
| Can. Nat. Rail 14⅝ 91 | 100 | 94⅞ | 95⅜ | 0 | +1⅜ | 15.58 |
| Caterpillar Fin. 16½ 86 | 100 | 102⅞ | 103⅜ | +0⅛ | +0⅜ | 15.43 |
| CFMP 16¾ 86 | 100 | 102 | 102½ | 0 | +0½ | 16.29 |
| CIBC 16⅜ 91 | 100 | 102⅞ | 103⅜ | +0⅛ | +1½ | 16.03 |
| Citicorp O/S 16⅜ 86 | 150 | 103⅛ | 103⅞ | 0 | +0⅜ | 15.51 |
| Cities Service 17 88 | 150 | 103⅝ | 104⅛ | 0 | +0⅜ | 15.93 |
| Cons.-Bathurst 17½ 86 | 60 | 102⅝ | 103⅛ | −0⅛ | +0⅜ | 16.69 |
| Dupont O/S 14½ 88 | 400 | 98¼ | 98¾ | −0⅛ | +1⅛ | 14.82 |
| Dupont O/S Cap. 0.0 90 | 300 | 34¼ | 34¾ | +0⅛ | +0¼ | 14.29 |
| EIB 15¾ 91 | 100 | 102½ | 103 | +0½ | +1½ | 16.11 |
| Gen. Elec. Credit 0.0 92 | 400 | 29 | 29½ | +1⅛ | −0⅛ | 12.98 |
| Gen. Elec. Credit 0.0 93 | 400 | 26¼ | 26¾ | +1⅛ | +1½ | 12.48 |
| GMAC O/S Fin. 16½ 84 | 300 | 101⅛ | 101⅝ | 0 | +0½ | 15.71 |
| GMAC O/S Fin. 16 86... | 150 | 98 | 98½ | 0 | −0¼ | 16.47 |
| Gulf States O/S 17½ 88 | 60 | 103⅞ | 104⅜ | 0 | +0⅜ | 16.35 |
| Japan Airlines 15¾ 88 | 50 | 100⅛ | 100⅝ | 0 | +0⅜ | 15.11 |
| Nat. Bk. Canada 16½ 88 | 40 | 100⅜ | 100⅞ | 0 | +0⅞ | 16.98 |
| Nat. West 14¾ 91 | 100 | 96⅞ | 97⅜ | 0 | +1⅜ | 15.30 |
| New Brunswick 17 89 | 60 | 105 | 105½ | +0⅛ | +0½ | 15.60 |
| New & Lab. Hy. 17¼ 89 | 75 | 103⅞ | 104⅜ | 0 | +0½ | 16.22 |
| Ohio Edison Fin. 17½ 88 | 75 | 104⅛ | 104⅝ | 0 | +0½ | 16.26 |
| OKG 15¾ 97 | 50 | 95⅛ | 95⅝ | 0 | +0½ | 16.00 |
| Ontario Hyd. 16 91 (N) | 200 | 102 | 102½ | +0⅛ | +1⅜ | 15.49 |
| Pac. Gas & El 15¾ 89 | 80 | 100 | 100½ | +0⅛ | +0⅞ | 15.66 |
| J. C. Penney Gl. 0.0 94 | 350 | 20 | 20½ | −0⅛ | 0 | 11.12 |
| Quebec Hydro 17½ 91 | 150 | 105⅝ | 106⅛ | +0⅞ | +1½ | 15.83 |
| Quebec Prov. 15¾ 89 | 150 | 96 | 96½ | +0⅛ | +1⅜ | 16.09 |
| Saskatchewan 16⅞ 88 | 100 | 101½ | 102 | +0⅛ | +0⅜ | 15.75 |
| Statsforetag 15⅜ 87 ... | 50 | 98⅛ | 98⅝ | −0⅛ | +0½ | 16.18 |
| Sweden 14½ 88 | 150 | 94⅛ | 94⅝ | +0⅛ | +1⅜ | 15.83 |
| Swed. Ex. Cred 16½ 93 | 75 | 100⅞ | 101⅜ | −0⅛ | +0¼ | 16.23 |
| Texas Eastern 15⅞ 88 | 75 | 99 | 99½ | +0⅛ | +0½ | 16.02 |
| Transcanada 17⅜ 88 ... | 75 | 106½ | 107 | +0¼ | +0⅞ | 15.93 |
| Transcanada 16 89 ... | 100 | 98½ | 99 | 0 | +0⅞ | 16.24 |
| Winnipeg 17 86 | 50 | 104⅝ | 105⅛ | +0⅛ | +0⅜ | 15.37 |
| WMC Fin. 15½ 88 | 50 | 96½ | 97 | 0 | +0⅞ | 16.28 |
| World Bank 16½ 86 | 130 | 103⅛ | 103⅝ | +0¼ | +0⅞ | 15.33 |
| World Bank 16½ 88 ... | 100 | 103 | 103½ | +0⅛ | +1¼ | 15.60 |

Average price changes.. On day +0¼ on week +0⅜

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Australia 9⅝ 91 | 300 | 98⅝ | 99⅛ | −0⅛ | +0⅛ | 9.55 |
| Belgelectric 11 91 | 100 | 101⅛ | 101⅞ | +0¼ | +0⅞ | 10.72 |
| CECA 10 91 | 120 | 100½ | 101¼ | +0¼ | +0⅛ | 9.85 |
| Coun. of Europe 10 91 | 100 | 99½ | 100¼ | 0 | +0⅛ | 10.01 |
| Coun. of Europe 10¼ 91 | 100 | 100⅞ | 101⅜ | +0⅜ | +0⅛ | 10.02 |
| EEC 10⅛ 93 | 100 | 100¼ | 100¾ | −0⅛ | 0 | 10.03 |
| EIB 10½ 91 | 200 | 102⅝ | 103⅛ | +0⅛ | +0¼ | 10.02 |
| EIB 9¾ 88 | 60 | 99⅛ | 99⅝ | +0⅛ | −0½ | 9.86 |
| Finland, Rep. of 10½ 86 | 100 | 100⅝ | 101⅛ | +0⅛ | +0¼ | 10.19 |
| Inter-American 10 91... | 100 | 100⅛ | 100⅞ | −0⅜ | +0½ | 9.91 |
| Inter-American 10¼ 91 | 100 | 100⅝ | 101⅛ | +0⅜ | +0¼ | 10.07 |
| Ireland 10⅛ 86 | 100 | 99¾ | 100¼ | −0⅛ | +0¼ | 10.10 |
| Mexico 11 88 | 100 | 100⅛ | 100⅝ | −0½ | −0⅜ | 10.90 |
| Midland Int. Fin. 8½ 90 | 180 | 93⅝ | 94⅛ | +0½ | +0⅛ | 9.58 |
| Mt. Bk. Dnmk. 10½ 91 | 100 | 99⅞ | 100⅜ | +0⅛ | +0¼ | 10.44 |
| Nat. West. 9⅞ 92 | 100 | 100 | 100¼ | −0⅛ | 0 | 9.84 |
| New Zealand 9¾ 89 | 200 | 100¼ | 100¾ | −0⅛ | 0 | 9.64 |
| OKB 10⅛ 91 | 150 | 100¼ | 100¾ | 0 | +0⅛ | 10.02 |
| OKB 9¾ 86 | 150 | 99 | 99½ | −0⅛ | +0⅛ | 9.89 |
| Quebec Hydro 10¼ 91 | 150 | 101⅞ | 102⅜ | −0⅛ | +0⅜ | 9.89 |
| Swed. Ex. Cred. 10⅛ 91 | 100 | 99⅝ | 100 | 0 | +0¼ | 10.29 |
| Venezuela 11½ 91 | 100 | 99⅞ | 100⅜ | −0½ | +0¼ | 11.46 |
| World Bank 10 91 | 250 | 101⅞ | 102⅛ | +0⅞ | +1 | 9.68 |

Average price changes... On day 0 on week +0¼

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Ansett Transport 7½ 92 | 50 | 101⅛ | 101⅝ | +0⅛ | +1 | 7.32 |
| Asian Dev. Bank 8 90 | 80 | 102 | 102¼ | +0⅛ | +1⅞ | 7.65 |
| Australia 6¾ 93 | 100 | 101⅛ | 101⅝ | +0⅛ | +0⅛ | 6.56 |
| Belgelectric 7½ 91 | 80 | 100⅛ | 100½ | +0¼ | +0½ | 7.44 |
| Bell Canada 7¼ 93 | 100 | 103 | 103¼ | 0 | +0½ | 6.85 |
| Bet. de Autopistas 8 90 | 50 | 98⅞ | 99⅛ | −0⅛ | +0½ | 8.16 |
| Denmark 7¼ 91 | 100 | 97 | 97¼ | 0 | +0¼ | 7.67 |
| Dome Petroleum 7¼ 90 | 100 | 101⅜ | 101⅞ | +0⅛ | +2⅛ | 6.96 |
| EIB 7¼ 92 | 100 | 98⅜ | 99 | +0½ | +1⅛ | 7.41 |
| Elet. de France 7 92 | 100 | 97½ | 98 | 0 | +0¼ | 7.31 |
| ENEL 6 92 | 44 | 98¼ | 99¼ | +0¼ | +0⅞ | 8.15 |
| Genstar 7 91 | 100 | 100⅜ | 101 | +0⅛ | +0⅜ | 6.86 |
| I/S Elsam 8½ 91 | 60 | 102½ | 102¾ | −0⅛ | −0¼ | 8.09 |
| Japan Air Lines 7¼ 91 | 100 | 102 | 102¼ | 0 | 0 | 6.94 |
| Neder. Gasunie 8 91 | 100 | 106⅛ | 106½ | +0⅛ | +1½ | 7.06 |
| Nippon T. and T. 6⅝ 92 | 100 | 99½ | 99¾ | +0⅛ | +0½ | 6.68 |
| OKB 7¼ 91 | 100 | †98½ | 99 | +0⅛ | +0⅛ | 7.43 |
| Oslo, City of 8 91 | 100 | 104⅝ | 104⅞ | +0⅛ | +1 | 7.29 |
| Ost. Donaukraft 7 92 | 100 | 97⅞ | 98⅜ | −0⅛ | 0 | 7.29 |
| Saint Etienne 8½ 91 | 20 | 104½ | 104¾ | +0⅛ | +0⅛ | 7.80 |
| Swed. Ex. Credit 7¼ 91 | 75 | 98⅞ | 98⅝ | +0⅛ | +0½ | 7.90 |
| TNT O/S Fin. 8 91 | 50 | 103 | 103½ | 0 | +0⅛ | 7.51 |
| Transcanada Pipe. 7 94 | 100 | 100¾ | 101 | −0½ | −0⅝ | 6.89 |
| Unilever NV 7½ 93 | 100 | †104½ | 105 | +0½ | +1⅛ | 6.89 |
| World Bank 7 90 | 100 | 98¾ | 99 | −0⅛ | +0¼ | 7.18 |
| World Bank 8 91 | 100 | 104½ | 104¾ | +0¼ | +1¼ | 7.31 |

Average price changes... On day +0⅛ on week +0⅝

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bk. 8¼ 91 | 15 | 99 | 100 | +0½ | −0¼ | 8.32 |
| Australia 6½ 88 | 20 | 91 | 92½ | 0 | +0⅛ | 8.29 |
| EIB 7¼ 89 | 12 | 98⅞ | 99⅜ | +0⅛ | 0 | 7.94 |
| Finland, Rep. of 8⅛ 87 | 15 | 99⅛ | 100⅛ | +0⅛ | 0 | 8.46 |
| Int.-Amer. Dev. 8⅞ 91 | 15 | 101⅜ | 102⅜ | +0⅛ | +0⅜ | 8.53 |

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Can. Utilities 17 86 C$ | 50 | †98 | 99 | +0⅛ | +1¼ | 17.25 |
| CIBC 15¾ 89 C$ | 75 | †94½ | 95 | 0 | +0⅜ | 17.07 |
| Pancanadian 16½ 88 C$ | 65 | †97 | 97½ | +0¼ | +0⅜ | 17.16 |
| Quebec 17½ 87 C$ | 50 | †102½ | 103½ | +0¼ | +0¼ | 16.57 |
| Queb. Urban 16¾ 86 C$ | 20 | †100 | 101 | 0 | 0 | 16.53 |
| Tordom Cpn. 16½ 88 C$ | 25 | †97 | 97½ | 0 | 0 | 17.27 |
| Transalta 17 89 C$ | 50 | †98⅝ | 99⅛ | +0½ | +1⅜ | 17.25 |
| M. Bk. Dnmk. 9 91 EUA | 25 | 86⅝ | 88 | 0 | +0⅞ | 11.18 |
| SOFTE 8¼ 89 EUA | 40 | 78 | 79¼ | 0 | +0⅞ | 13.02 |
| U. Bk. Nwy. 9½ 90 EUA | 18 | 91⅞ | 93⅛ | 0 | +0⅛ | 10.95 |
| Algemene Bk. 10¼ 86 Fl | 60 | 98⅞ | 99⅜ | +0¼ | +0⅞ | 10.53 |
| Amfas Group 12¼ 86 Fl | 40 | 103¼ | 103¾ | +0¼ | +0⅜ | 11.22 |
| Amro Bank 12 86 Fl | 75 | 102 | 102½ | 0 | +0¼ | 11.27 |
| Amro Bank 12 86 Fl | 60 | 102 | 102½ | +0⅛ | +0¼ | 11.31 |
| Heineken NV 10 87 Fl | 100 | 96⅜ | 96⅞ | +0⅛ | −0⅛ | 10.83 |
| Pierson 10⅛ 86 Fl | 50 | 97½ | 98 | 0 | 0 | 10.97 |
| Rabobank 12 86 Fl | 50 | 102 | 102½ | 0 | 0 | 11.27 |
| Air France 14½ 86 FFr | 200 | 95½ | 96½ | 0 | +0⅛ | 15.84 |
| Bk. America 14½ 86 FFr | 250 | 94 | 95 | −0⅛ | −0⅛ | 16.36 |
| Charb'nages 13⅞ 85 FFr | 400 | 95⅛ | 96⅛ | −0⅛ | +0⅛ | 15.42 |
| EIB 14⅛ 88 FFr | 300 | 90⅜ | 91⅜ | −0⅛ | −0⅛ | 16.53 |
| La Redoute 14⅜ 85 FFr | 125 | 92 | 93 | −0⅛ | 0 | 17.15 |
| OKB 14 86 FFr | 400 | 93⅛ | 94⅛ | −0⅛ | −0⅛ | 16.10 |
| Solvay et C. 14¾ 86 FFr | 200 | 95 | 96 | −0⅛ | +0¼ | 16.34 |
| Swed. E. Cr. 14⅜ 86 FFr | 250 | 94¼ | 95¼ | +0⅛ | +0⅛ | 16.26 |
| U. Mex. Sts. 14 85 FFr | 150 | 92⅛ | 93⅛ | −0⅛ | −0⅛ | 17.04 |
| Acona 14 85 £ | 20 | 91⅝ | 92⅞ | 0 | +0⅛ | 16.87 |
| Beneficial 14⅛ 90 £ | 20 | 85¼ | 86¼ | −0⅛ | +0¼ | 17.50 |
| BNP 13½ 91 £ | 15 | 87⅛ | 88⅛ | +0⅛ | +1 | 16.20 |
| CECA 13½ 88 £ | 20 | 90⅜ | 91⅜ | +0⅛ | +1⅛ | 15.69 |
| Citicorp O/S 13½ 90 £ | 50 | 91⅛ | 92⅛ | +0⅛ | +0½ | 15.39 |
| Fin. Ex. Cred. 13¾ 86 £ | 15 | 92 | 93 | 0 | +1⅜ | 16.37 |
| Gen. Elec. Co. 12½ 89 £ | 50 | 87⅛ | 88⅛ | +0⅛ | +1⅛ | 15.46 |
| Hiram Walker 14⅛ 86 £ | 25 | 94⅛ | 95⅛ | +0⅛ | +0¼ | 16.68 |
| Privatbanken 14½ 88 £ | 12 | 91 | 92½ | 0 | +1½ | 16.71 |
| J. Rothschild 14⅛ 90 £ | 12 | 93⅞ | 94⅞ | +0⅛ | +0⅞ | 15.43 |
| Royal Trustco 14 86 £ | 12 | 94¼ | 95¼ | +0¼ | +0⅜ | 15.91 |
| Swed. Ex. Cr. 13⅜ 86 £ | 20 | 93⅛ | 94⅛ | 0 | +0⅞ | 15.99 |
| Akzo 9¼ 87 LuxFr | 500 | 88⅝ | 89⅝ | 0 | +0⅞ | 11.97 |
| Euratom 9¼ 88 LuxFr | 500 | 88 | 89 | 0 | +0⅛ | 12.62 |
| Eurofima 10¼ 87 LuxFr | 500 | 93 | 94 | 0 | +0⅛ | 12.12 |
| EIB 9¾ 88 LuxFr | 600 | 89⅝ | 90⅝ | 0 | +0⅛ | 12.18 |
| Volvo 9¾ 87 LuxFr | 500 | 88⅛ | 89⅛ | 0 | +0⅛ | 12.55 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Bank of Montreal 5¼ 91 | 0⅛ | 99⅜ | 99⅞ | 29/4 | 17.06 | 17.13 |
| Bank of Tokyo 5¼ 91 ... | 0⅛ | 100 | 100½ | 10/6 | 13¼ | 13.22 |
| Bk. Nova Scotia 5¼ 93 | 0⅛ | 99⅝ | 100⅛ | 29/4 | 17.06 | 17.08 |
| BFCE 5¼ 88 | 0¼ | 99½ | 100 | 26/4 | 16.94 | 16.98 |
| BFCE 5⅛ 87 | 0⅛ | 99⅝ | 100⅛ | 27/7 | 16¼ | 16.27 |
| Christiania Bk. 5½ 91... | ‡0⅛ | 99¼ | 99¾ | 5/5 | 16 | 16.08 |
| Co-Ban Eurofin 5½ 91... | 0¼ | 98¾ | 99¼ | 14/4 | 16.69 | 16.86 |
| Den Norske Cred. 5½ 93 | 0⅛ | 97⅜ | 97⅞ | 4/6 | 13.56 | 13.89 |
| Genfinance 5¼ 92 | 0¼ | 99½ | 100 | 30/6 | 15½ | 15.54 |
| Giro und Bank 5⅜ 91 ... | ‡0⅜ | 99½ | 100 | 23/3 | 14.06 | 14.70 |
| GZB 5¼ 92 | ‡0¼ | 99⅛ | 99⅝ | 5/3 | 13⅛ | 13.21 |
| Ind. Bank Japan 5¼ 88 | 0⅛ | 98½ | 99 | 9/5 | 13.31 | 13.48 |
| Lloyds Eurofin 5⅜ 93 ... | §0⅛ | 99½ | 100 | 29/4 | 17.13 | 17.17 |
| LTCB Japan 5½ 89 | 0¼ | 99⅛ | 99⅝ | 16/7 | 15.31 | 15.39 |
| Midland Int. Fin. 9 91... | 0⅛ | 99½ | 100 | 30/4 | 17.06 | 17.11 |
| Nacional Fin. 5½ 88 | 0⅛ | †96⅝ | 97⅛ | 25/3 | 17.31 | 17.85 |
| Nat. Bk. Canada 5¼ 88 | 0⅛ | 99⅝ | 100⅛ | 24/3 | 17.31 | 17.31 |
| Nat. West. Fin. 5¼ 91... | §0⅛ | 99⅛ | 99⅝ | 15/7 | 15.19 | 15.26 |
| Nat. West. Fin. 5¼ 92... | §0⅛ | 99½ | 100 | 23/4 | 17 | 17.04 |
| Nippon Credit 5¼ 90 ... | 0⅛ | 99¼ | 99¾ | 10/8 | 16.06 | 16.14 |
| Nordic Int. Fin. 5½ 91... | 0¼ | 98½ | 99 | 6/5 | 15⅝ | 15.82 |
| Offshore Mining 5¼ 91 | 0⅛ | 98¼ | 98¾ | 2/6 | 13 | 13.20 |
| Pemex 6 91 | 0⅜ | 96⅝ | 97⅛ | 8/4 | 17 | 17.55 |
| PKbanken 5 91 | 0⅛ | 98⅞ | 99⅜ | 17/8 | 14⅝ | 14.52 |
| Sanwa Int. Fin. 5¼ 88... | 0⅛ | †99½ | 100 | 24/3 | 17¼ | 17.29 |
| Scotland Int. 5¼ 92 | 0⅛ | 98⅜ | 98⅞ | 23/3 | 13.94 | 14.15 |
| Sec. Pacific 5¼ 91 | 0⅛ | 98⅞ | 99⅜ | 24/5 | 13¼ | 13.40 |
| Societe Generale 5¼ 91 | 0⅛ | 98⅞ | 99⅜ | 22/7 | 15¼ | 15.42 |
| Standard Chart. 5¼ 91 | 0⅛ | 98¼ | 98¾ | 18/5 | 13.31 | 13.52 |
| Sumitomo Fin. 5½ 88... | 0⅛ | 99⅛ | 99⅝ | 9/8 | 16 | 16.06 |
| Toronto Domin'n 5¼ 92 | 0⅛ | 98⅞ | 99⅞ | 11/8 | 16⅜ | 16.44 |

Average price changes... On day 0 on week 0

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Ajinomoto 5¼ 96 | 7/81 | 933 | 88⅛ | 89⅛ | −2⅞ | −2.33 |
| Bow Valley Inv. 8 95 ... | 4/81 | 23.12 | 95⅛ | 97 | −0⅛ | 47.58 |
| Bridgestone Tire 5½ 96 | 3/82 | 470 | 87⅜ | 89⅜ | −2⅛ | −4.39 |
| Canon 6¼ 95 | 1/81 | 829 | 98⅛ | 100⅛ | −2 | 1.48 |
| Daiwa Secs. 5½ 96 | 12/80 | 513.3 | †68 | 70 | −1 | −7.39 |
| Fujitsu Fanuc 4½ 96 ... | 10/81 | 6770 | 101⅛ | 102⅞ | −6⅛ | 1.56 |
| Furukawa Elec. 5¼ 96... | 7/81 | 300 | 112 | 113 | +0⅜ | −0.52 |
| Hanson O/S Fin. 9½ 96 | 8/81 | 1.38 | †89 | 90 | — | −2.99 |
| Hitachi Cable 5¼ 96 | 2/82 | 515 | 96½ | 97¾ | −3⅛ | −1.56 |
| Hitachi Cred. Cpn. 5 96 | 7/81 | 1773 | 75¼ | 77¼ | −0⅛ | 0.66 |
| Honda Motor 5½ 97 | 3/82 | 841 | 84½ | 85⅜ | −4⅛ | −1.46 |
| Inchcape 8 95 | 2/81 | 4.55 | †80½ | 82 | −0½ | 17.27 |
| Kawasaki 5¼ 96 | 9/81 | 229 | 67 | 68½ | −1⅛ | −0.49 |
| Marui 6 96 | 7/81 | 931 | 96½ | 97 | −2⅞ | 8.15 |
| Minolta Camera 5 96 ... | 10/81 | 909 | 83⅛ | 84⅞ | −1⅛ | 3.58 |
| Minorco 9¼ 97 | 5/82 | 8.16 | 92⅞ | 93⅞ | −0⅛ | 10.11 |
| Murata 5¼ 96 | 7/81 | 2190 | 85¼ | 86⅞ | −1⅛ | 2.69 |
| NKK 6½ 96 | 7/81 | 188 | 73½ | 75 | −0½ | −20.46 |
| Nippon Chemi-C. 5 91... | 10/81 | 919 | 62½ | 64⅛ | −3½ | 0.33 |
| Nippon Electric 5¼ 97 | 2/82 | 846 | 96⅛ | 97⅛ | −1½ | 4.31 |
| Orient Finance 5¼ 97 ... | 3/82 | 1567 | 88⅛ | 89⅛ | −3 | 2.95 |
| Sanyo Electric 5 96 | 10/81 | 652 | 70½ | 72 | −3¼ | 1.47 |
| Sumitomo Met. 5¼ 96 | 10/81 | 305 | 65⅛ | 66⅛ | −3⅛ | −2.90 |
| Swiss Bk. Cpn. 6¼ 90 ... | 9/80 | 191 | 71½ | 73¼ | −0⅛ | 16.67 |
| Konishiroku 6 90 DM ... | 2/82 | 585 | 100½ | 101⅛ | −3 | −4.24 |
| Mitsubishi H. 6 89 DM | 2/82 | 263 | 95⅛ | 95⅞ | −2½ | 3.22 |

EUROBOND TURNOVER

(nominal value in $m)

| | Cedel | Euro-clear |
|---|---|---|
| U.S. $ bonds | | |
| Last week...... | 5,376.9 | 11,447.4 |
| Previous week | 6,435.2 | 11,158.5 |
| Other bonds | | |
| Last week...... | 839.2 | 558.8 |
| Previous week | 969.4 | 711.8 |

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Credit Commercial de France (Securities) London; Citicorp International Bank; Daiwa Europe NV; Deltec Securities (UK); EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Manufacturers Hanover; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Orion Royal Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

## INTERNATIONAL BONDS

# Flood of new issues digested with ease

EUROPE'S capital markets were functioning like a well-oiled piece of machinery last week, providing reliable service to borrowers, investors, and issue managers.

With quiet precision the Eurodollar bond market churned out 16 new issues and managed to process them with relative ease. Nearly $1.2bn of new fixed-interest paper was launched and a surprising portion of it was good quality material.

In the secondary markets recently launched Eurodollar bonds gained up to one point, Euro D-Mark bonds ½ points, and Swiss franc foreign bonds ¾ points on the week. The markets were not rallying, but they were certainly performing in a healthy manner.

Of course it did not hurt that interest rates were coming down in markets from New York to Zurich. The six-month Eurocurrency deposit rates (see chart) have been falling and so have bond dealers' inventories.

Throughout most of the week Eurodollar traders found good buying demand and many had to scramble at times to cover short positions. The comfort of a positive carry allowed dealers to sleep better at night, safe in the knowledge that their inventories were making, rather than losing money.

On the investors' side, the appearance of top quality Triple A rated names brought the stay-at-home types back into action. Zero coupon bonds were traded by a number of London-based institutions and retail investors. New issue managers found eager Swiss retail investors stumping up capital.

There was also a good deal of swopping by investors moving from Yankee bonds to Europaper and others moving from more seasoned to newer Eurobonds.

The market did not respond with such fervour just because it was in a good mood, however. The flood of new paper was being digested because a lot of funds are being attracted by well-executed deals. And the Eurodollar market continues to discriminate, passing over the less exciting coupons and maturities.

Among the best issues is the $150m five-year Canadair 15¼ per cent paper. The company is owned by the Canadian Government and lead-manager Morgan Guaranty is providing a temporary guarantee until the Canadian Parliament approves its own. By Friday the grey-market middle price was ¾ per cent off the 99¾ issue price.

There were other attractive borrowers in the Eurodollar market as well; names such as the World Bank, Citicorp, *Burroughs and the EIB made* appearances. The EIB paper, although of top quality, got off to a slow start but seemed to be making progress late in the week.

What was probably even more heartening than the way the market digested new paper was the fact that last week's flood seemed to affirm the viability of traditional fixed-interest paper. For a while last month it looked as though zero coupon bonds and floating rate notes would become the mainstay of the Euromarket.

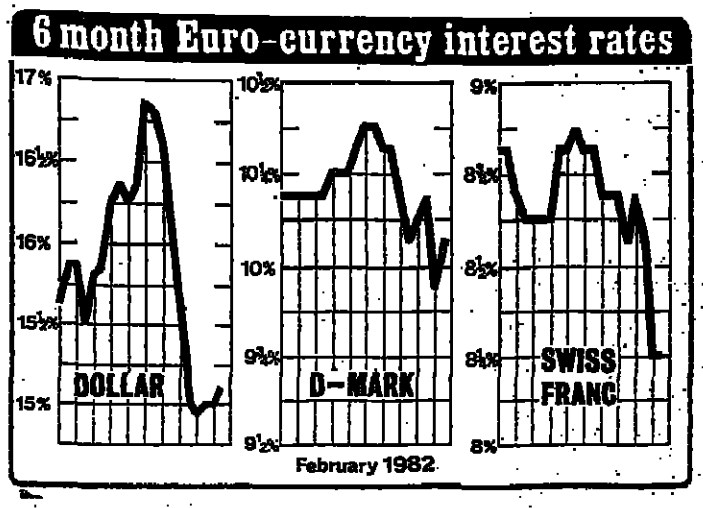
Not all is rosy however, and it remains to be seen whether the rise in U.S. money supply will unnerve European capital markets.

In the Euro D-mark sector Nafinsa, Mexico's state finance bank, is in the market with DM 150m of ten-year paper carrying an extra-large 11 per cent coupon. This is getting to be a Mexican practice (and an understandable one), as premiums are paid for much-needed money.

The $100m 17½ per cent Mexico paper is another example; the 15-year adjustable coupon bonds — effectively three-year paper — proved so attractive coupon-wise that the issue was increased to $130m.

Finally, the high-coupon game was also played in the bulldog bond market — where foreign borrowers tap into domestic UK sterling. TransCanada PipeLines, already known as the borrower which paid 17¾ per cent in the Eurodollar market, jumped into the bulldog sector with a generously priced £25m deal. The motive in this case appears to be the desire to sell a successful issue and establish a track-record for return visits.

**Alan Friedman**



## CREDITS

# Pakistan gets what it wants

BANKERS CAN argue for hours about the relative attractions of a particular Eurocredit borrower, but last week saw *Pakistan achieve what Pakistan wanted* — despite a divergence of opinion among its prospective lenders.

About three weeks ago a group of seven banks — Arab Banking Corporation, Bank of America, Chase Manhattan, Chemical Bank, Citibank, Gulf International Bank, and Manufacturers Hanover Trust — combined to bid for a $350m multi-tranche three-year credit for Pakistan.

Pakistan rejected the bid, which ranged from ¾ per cent to 1 per cent above the London interbank offered rate (Libor).

*What Pakistan wanted* was a range of spreads from ½ per cent to ⅝ per cent instead. The going rate on its 15-month $200m credit last year was ⅞ per cent over Libor, though in the troubled months of 1980, there was even a spread of 1⅝ per cent above Libor.

But a strong view was taken by the Government of Pakistan and as a result, the seven-bank syndicate split up. Citibank, for one, felt the terms being demanded were simply unrealistic. But a market takes more than one.

The result of all of this was that Bank of America formed its own group and returned to face the Pakistani officials. Now its group has won the mandate for a borrowing worth $175m.

There are three tranches in the credit: The first is $75m for one year and the spread is ½ per cent above Libor. The second is $50m for two years and carries a ⅝ per cent margin. The last is three years, also $50m, with a ¾ per cent spread.

The management fee has not been disclosed, but the group obviously sees something which some other banks did not. Bank *of America is agent and its* partners are Chase Manhattan, Gulf International Bank, Morgan Guaranty, and the Habib Bank.

Meanwhile, in Latin America, business is not exactly booming. Some banks may have examined their country lending limits and found little need to race into action.

Ecuador is said to be scouting for short-term funds, having already hinted at rather hefty borrowing requirements.

In Europe bankers were busy counting up Polish interest payments and wondering what the next event would be in Romania's game of give-and-take. A meeting of Poland's key Western bank creditors in London on Friday seemed to result in a delay beyond the much-rumoured March 4 date —when the 1981 rescheduling agreement was going to be signed.

**Alan Friedman**

## EUROGUILDER NOTES

# Foreign investors 'buy the currency'

PROSPECTS OF another sizeable Dutch balance of payments surplus this year and the resulting firmness of the guilder have increased the attractiveness of the Euroguilder note market. The Netherlands Central Bank still keeps a close watch on its own small corner of the Eurobond scene, but it has eased some controls recently.

Two new issues have been made so far this year—a Fl 100m placement by the Government-backed National Investment Bank at 11¼ per cent and a Fl 75m European Investment Bank (EIB) issue at 11 per cent. In 1981 13 issues with a total value of Fl 1.01bn ($390m) were made. The central bank, whose permission is required, allows a new issue every four weeks on average.

With the official forecast for a 1982 balance of payments surplus of Fl 13bn ($5bn), the Central Bank is now quite happy to encourage capital exports. So from January, Dutch investors have been able to take up notes issued by foreign borrowers on the Euroguilder market. Dutch residents were previously restricted to notes issued by Dutch borrowers.

Established in 1969 to absorb inflows of speculative foreign capital which threatened to disrupt domestic monetary policy, the Euroguilder note market is now proving a useful siphon for surplus domestic funds.

The Central Bank, while still reluctant to allow the guilder to take on a reserve currency role, has also increased the size of the issues it allows. It is still keen to maintain a distance between the Euroguilder and domestic guilder markets and short—usually 5-year—maturities are the norm for Euro-issues.

Euroguilder notes are not underwritten but are sold on a best effort basis with no stock exchange listing or prospectus. A strong element of self control is built into the market, given the dominant position of the two large Dutch commercial banks—Algemene Bank Nederland and Amsterdam-Rotterdam Bank—and their merchant banking subsidiaries.

Issues must be lead-managed by one or more Dutch banks with up to two foreign banks taking part in the management syndicate. On larger supranational issues, however, up to four foreign co-managers are now permitted.

Euroguilder market yields are currently lower than on Eurodollar issues, but Dutch notes do have a one point edge over the D-Mark sector. The secondary market has been attractive in *recent weeks with foreign* investors "mainly buying the currency," according to one dealer.

**Charles Batchelor**

## CURRENT INTERNATIONAL BOND ISSUES

| Borrowers | Amount m. | Maturity | Av life years | Coupon % | Price | Lead manager | Offer yield % |
|---|---|---|---|---|---|---|---|
| **U.S. DOLLARS** | | | | | | | |
| Amanda§ | 30 | 1997 | 15 | * | 100 | Nippon Kangyo, Schroder Wagg, Nomura Intl., Dai-Ichi Kangyo | * |
| Occidental Petrol. | 75 | 1987 | 5 | * | * | SBC Intl., Dean Witter Reynolds | * |
| Canadair‡ | 150 | 1987 | 5 | 15¼ | 99¾ | Morgan Guaranty | 15.576 |
| Hiram Walker‡ | 75 | 1989 | 7 | 16 | 100 | SG Warburg | 16.000 |
| Citicorp‡ | 125 | 1997 | 15 | 15½¶ | 100 | CSFB, Citicorp Intl. Bank | 15.500¶ |
| EIB‡ | 150 | 1989 | 5 | 15½ | 100 | CSFB | 15.500 |
| Australian Ind. Devt. Bank‡ | 50 | 1987 | 5 | 15½ | 99 | Citibank | 15.800 |
| CNA‡ | 75 | 1997 | 10½ | 15⅞ | 100 | BNP, CSFB, Caisse des Depots et Consignations | 15.875 |
| Fujikura Cable§ | 20 | 1997 | 15 | * | 100 | Nomura Intl. | * |
| Nova Scotia‡ | 75 | 1989 | 7 | 15¾ | 100 | UBS Secs. | 15.750 |
| Australian Res. Devt. Bank‡ | 30 | 1987 | 5 | 13½ | 93½ | SBC Intl. | 15.460 |
| Burroughs Corp. | 50 | 1988 | 6 | 15½ | * | Kidder Peabody Intl. | * |
| World Bank‡ | 250 | 1988 | 6 | 15¼ | 99½ | Deutsche Bank | 15.380 |
| Best Denki Co.§ | 15 | 1997 | 15 | * | 100 | Nikko Secs., Wardley | * |
| Dome Petroleum†‡ | 50 | 1989 | 7 | — | 100 | Societe Generale | — |
| Swed. Export Credit | 75 | 1989 | 7 | * | * | Morgan Stanley, Bank of America, CSFB | * |
| Swed. Export Credit‡ | 200 | 1994 | 12 | 0 | 19.70 | Morgan Stanley, Goldman Sachs | 14.500 |
| **D-MARKS** | | | | | | | |
| Nippon Sheet Glass§‡ | 30 | 1987 | 5 | 7 | 100 | Deutsche Bank | 7.123 |
| Murata§ | 50 | 1990 | 8 | * | 100 | Bay. Vereinsbank | * |
| Spanish Telephones | 100 | 1992 | 10 | 10½ | * | Dresdner Bank | * |
| Nafinsa | 150 | 1990 | 8 | 11 | * | Dresdner Bank | * |
| Electricite de France**‡ | 100 | 1992 | 10 | 9⅞ | 100 | Bay. Hypotheken | 9.875 |
| **SWISS FRANCS** | | | | | | | |
| Toyo Kanetsu**§‡ | 20 | 1987 | — | 5⅞ | 100 | SBC | 5.875 |
| Casio Computer**§‡ | 80 | 1987 | — | 6 | 100 | UBS | 6.000 |
| Quebec‡ | 100 | 1992 | — | 7⅜ | 100 | UBS | 7.375 |
| Amada**§ | 50 | 1987 | — | * | 100 | UBS | * |
| Co-Op Denmark‡ | 25 | 1992 | — | 8⅜ | 100 | Bank Hofmann, Banque Scandinave en Suisse | 8.375 |
| Saskatchewan**‡ | 150 | 1988 | — | 7⅜ | 99⅝ | CS | 7.455 |
| Mexico**‡ | 100 | 1987 | — | 8½ | 100 | UBS | 8.500 |
| Hiram Walker**‡ | 100 | 1988 | — | 7½ | 100 | CS | 7.500 |
| SCN | 100 | 1992 | — | * | * | CS | * |
| **STERLING** | | | | | | | |
| TransCanada Pipelines‡ | 25 | 2007 | 25 | 16½ | 98.534 | Hambros Bank | 16.740 |
| **ECU's** | | | | | | | |
| Council of Europe‡ | 25 | 1990 | 8 | 14¼ | 100¾ | Societe Generale, Banque Bruxelles Lambert | 14.090 |
| **YEN** | | | | | | | |
| Usiminas**‡ | 10bn | 1992 | 8½ | 9 | 100 | Bank of Tokyo | 9.000 |
| World Bank | 20bn | 1992 | 10 | * | * | Daiwa Europe | * |
| **KUWAITI DINARS** | | | | | | | |
| Dart and Kraft‡ | 7 | 1989 | 7 | 11½ | 99 | KIIC | 11.969 |

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ◊ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ For first three years. Note: Yields are calculated on AIBD basis.

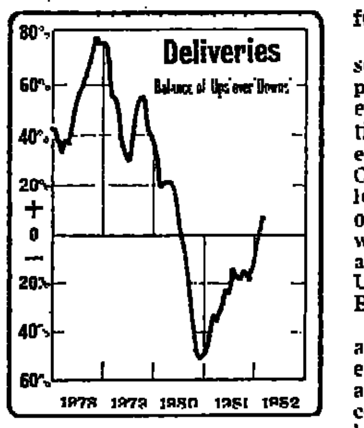
# FT Monthly Survey of Business Opinion

## GENERAL OUTLOOK

# Marked recovery in confidence

INDUSTRY'S optimism about the future is rising, buoyed by the clear feeling, and not a little hope, that the economy is over the worst and will improve consistently during 1982.

General confidence is well up on the gloomy levels of last year and 1980, with nearly half of the companies surveyed saying they are now more optimistic than they were four months ago, compared with less than a third towards the year-end.



The main reason for greater confidence among engineering companies is improvements in orders, although the coal miners' vote on pay was also cited because it might lead to greater capital spending by the Coal Board. None of the companies in the engineering sector is less optimistic than four months ago.

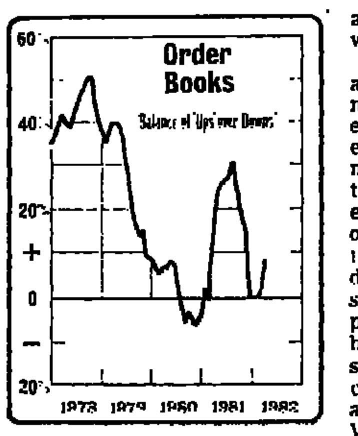
In the chemical and oil sector, confidence was improved by more favourable exchange rates, better productivity and the belief that the economy was going to pick up. Of the companies which were less optimistic, uncertainty over the situation in the U.S. was mentioned, as were fears about the extent to which the U.S. problems might affect Britain and Europe this year.

Greater optimism in shipping and transport was due to the elimination of loss-makers, although there was some concern at the rate at which new bulk carrier tonnage was being delivered without any corresponding expansion in world trade.

## ORDERS AND OUTPUT

# Split views on exchange rate

ALL THREE sectors indicate increasing order books compared with October, when they were last questioned. There were signs of customers starting to reorder from the engineering sector having reduced their stocks to very low levels. Exports of sophisticated equipment to Opec countries are good. Chemical order books are also improving, except for plastics and brewing chemicals, where demand remains poor. One shipping company described freight rates as "appalling" and another felt that if the situation deteriorated further the Government might have to subsidise shipping costs, although this appears to be wishful thinking.



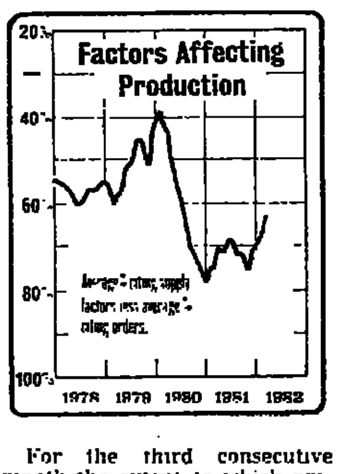
Both engineering an chemical and oil sectors are more optimistic about increasing their exports in the next year. The exchange rate remained the main factor affecting exports, though some think lower exchange rates have helped and others say the uncertainty over the rate is making life more difficult than ever. One company said it did not know at what price to accept a U.S. order because of the fluctuating sterling-dollar rates. Other difficulties were finance facilities and the spreading recession in West Germany and the U.S.

## CAPACITY AND STOCKS

# Destocking almost over

AFTER A long period of destocking, most companies in all three sectors felt the current level of stocks was about right. The chemical and oil sector was less inclined to expect increases in raw material stocks but still expected an increase in stocks of manufactured goods in the next 12 months. Both engineering and chemicals indicated that improved stock control systems were being introduced.

Shortages of home or export orders or consumer demand are still the major, if slightly less prominent, factors affecting production—and one chemical company was actually waiting for a plant to come on stream, which led to its output being affected by a shortage of capacity.



For the third consecutive month the extent to which production is affected by demand rather than supply factors has moved in the supply direction.

In spite of the increasing pool of available labour, there are more complaints about its quality and suitability for skilled vacancies. One engineering company said past failures to train and give incentives to the right calibre of managers meant it was now short of people to manage high-technology operations overseas, and there is a persistent shortage of suitable high-grade scientific and engineering graduates.

No specific shortages of supplies were reported in any sectors although delayed deliveries are still an occasional problem.

### CAPACITY WORKING

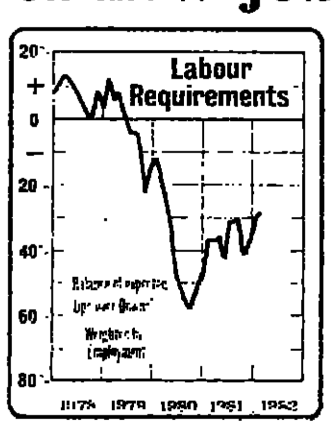
| Are you working at your planned output level for this time of year? | Nov.-Feb. % | Oct.-Jan. % | Sept.-Dec. % | Aug.-Nov. % | Eng'g. (Non-elect.) % | Chems. & Oils % | Shipping & Transport % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | February 1982 | | |
| Above target capacity | 1 | 1 | 1 | 3 | 0 | 0 | 0 |
| On target | 60 | 56 | 52 | 44 | 40 | 83 | 73 |
| Below target capacity | 38 | 41 | 47 | 52 | 60 | 17 | 27 |
| No answer | 1 | 1 | 0 | 1 | 0 | 0 | 0 |

## INVESTMENT AND LABOUR

# Few signs of new jobs

THE INDEX for labour requirements is at its highest for two years, although still very low and in most cases the main redundancies and labour-shedding appear to be over. There is still some over-manning, however, and substantial increases in output could probably be achieved with no or very little increase in workforces.

Both engineering and shipping and transport sectors expect their capital expenditure over the next 12 months to increase. This is a complete reversal in shipping and transport, where last October every company expected capital spending to fall. There are now indications of substantial purchases of helicopters and ships.



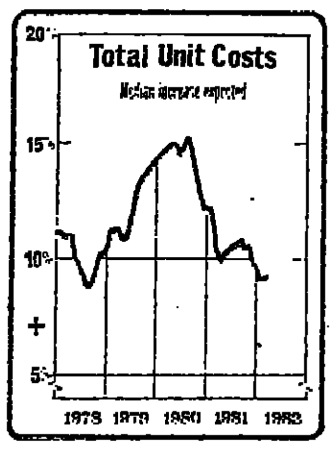
More companies now feel their liquidity levels are about right and if there were to be a sudden recovery surge there are signs that liquidity might be strained. As the move out of the recession is expected to be both slow and modest this year, present liquidity levels in all three sectors are unlikely to pose problems.

Chemical and oil concerns are now less inclined to say they will need bank borrowing as a source of finance for capital expenditure. Fewer companies are now referring to stock reductions as a means for financing capital spending, confirming the signs that destocking is over.

## COSTS AND PROFIT MARGINS

# Growing fears about wages

THERE IS greater feeling than in October that wages are going to rise significantly faster and in consequence, unit costs are more widely expected to go up.



There appears to be slightly less determination to resist wage claims for more than the amount budgeted and a greater willingness to follow the lead of employers' organisations than

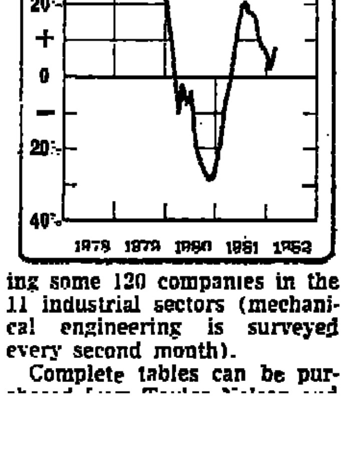
About a third of the companies surveyed said they would try to resist strongly requests for a shorter working week and about the same proportion felt that correct wage differentials had already been re-established. Most of those companies which wanted to increase differentials felt skilled workers were the most deserving category.

All three sectors are more hopeful of increasing their profit margins in the next year and al cited improved efficiency as one cause. On the negative side, some engineering companies complained of increased competition in a smaller market and excess of capacity over demand. In shipping and transport, there was particular hope for more business in the depressed aircraft sector.

These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based on interviews with senior executives.

Three sectors and some 30 companies are surveyed in turn from a sample based on the FT Actuaries Index, which accounts for about 60 per cent of all public companies.

The all-industry figures are four-month moving totals covering some 120 companies in the 11 industrial sectors (mechanical engineering is surveyed every second month).



Complete tables can be purchased from Taylor Nelson and

### GENERAL BUSINESS SITUATION

| Are you more or less optimistic about your company's prospects than you were four months ago? | Nov.-Feb. % | Oct.-Jan. % | Sept.-Dec. % | Aug.-Nov. % | Eng'g. (Non-elect.) % | Chems. & Oils % | Shipping & Transport % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | February 1982 | | |
| More optimistic | 46 | 34 | 30 | 28 | 54 | 61 | 87 |
| Neutral | 32 | 44 | 48 | 54 | 46 | 13 | 1 |
| Less optimistic | 22 | 22 | 22 | 19 | 0 | 26 | 12 |

### EXPORT PROSPECTS (Weighted by exports)

| Over the next 12 months exports will be: | Nov.-Feb. % | Oct.-Jan. % | Sept.-Dec. % | Aug.-Nov. % | Eng'g. (Non-elect.) % | Chems. & Oils % | Shipping & Transport % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | February 1982 | | |
| Higher | 77 | 72 | 63 | 62 | 91 | 100 | 34 |
| Same | 11 | 14 | 24 | 23 | 4 | 0 | 22 |
| Lower | 12 | 11 | 12 | 13 | 5 | 0 | 44 |
| No answer | 0 | 2 | 2 | 2 | 0 | 0 | 0 |

### NEW ORDERS

| The trend of new orders in the last four months was: | Nov.-Feb. % | Oct.-Jan. % | Sept.-Dec. % | Aug.-Nov. % | Eng'g. (Non-elect.) % | Chems. & Oils % | Shipping & Transport % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | February 1982 | | |
| Up | 33 | 26 | 16 | 15 | 45 | 53 | 52 |
| Same | 30 | 37 | 38 | 41 | 50 | 21 | 36 |
| Down | 17 | 20 | 27 | 24 | 5 | 9 | 0 |
| No answer | 20 | 17 | 19 | 20 | 0 | 17 | 12 |

### PRODUCTION/SALES TURNOVER

| Those expecting production/sales turnover in the next 12 months: | Nov.-Feb. % | Oct.-Jan. % | Sept.-Dec. % | Aug.-Nov. % | Eng'g. (Non-elect.) % | Chems. & Oils % | Shipping & Transport % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | February 1982 | | |
| Rise over 20% | 3 | 1 | 1 | 1 | 0 | 17 | 0 |
| Rise 15-19% | 3 | 2 | 2 | 2 | 5 | 0 | 0 |
| Rise 10-14% | 7 | 8 | 5 | 7 | 1 | 0 | 0 |
| Rise 5-9% | 21 | 20 | 20 | 22 | 12 | 39 | 0 |
| Rise 2.5-4% | 23 | 20 | 18 | 20 | 41 | 17 | 0 |
| Remain the same | 37 | 40 | 44 | 31 | 35 | 9 | 88 |
| Fall 2.5-4% | 5 | 5 | 8 | 8 | 5 | 17 | 0 |
| Fall 5-9% | 2 | 2 | 2 | 5 | 2 | 0 | 3 |
| No answer | 0 | 1 | 1 | 4 | 0 | 0 | 0 |

### STOCKS

| Raw materials and components over the next 12 months will: | Nov.-Feb. % | Oct.-Jan. % | Sept.-Dec. % | Aug.-Nov. % | Eng'g. (Non-elect.) % | Chems. & Oils % | Shipping & Transport % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | February 1982 | | |
| Increase | 26 | 31 | 23 | 25 | 5 | 18 | 0 |
| Remain the same | 53 | 44 | 54 | 51 | 62 | 65 | 97 |
| Decrease | 19 | 21 | 20 | 21 | 28 | 17 | 3 |
| No answer | 2 | 4 | 3 | 3 | 5 | 0 | 0 |
| Manufactured goods over the next 12 months will: | | | | | | | |
| Increase | 18 | 18 | 14 | 17 | 0 | 35 | 0 |
| Remain the same | 48 | 44 | 50 | 50 | 56 | 35 | 19 |
| Decrease | 18 | 21 | 21 | 19 | 23 | 30 | 0 |
| No answer | 3 | 5 | 4 | 7 | 0 | 0 | 0 |
| Not applicable | 13 | 12 | 10 | 8 | 21 | 0 | 81 |

### FACTORS CURRENTLY AFFECTING PRODUCTION

| Are any of the following factors limiting your output at present? | Nov.-Feb. % | Oct.-Jan. % | Sept.-Dec. % | Aug.-Nov. % | Eng'g. (Non-elect.) % | Chems. & Oils % | Shipping & Transport % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | February 1982 | | |
| Home orders | 86 | 89 | 92 | 94 | 95 | 83 | 44 |
| Export orders | 50 | 55 | 55 | 63 | 63 | 65 | 26 |
| Executive staff | 2 | 2 | 1 | 2 | 10 | 0 | 0 |
| Skilled factory staff | 3 | 2 | 4 | 3 | 2 | 0 | 0 |
| Components | 2 | 3 | 1 | 1 | 2 | 0 | 0 |
| Raw materials | 0 | 0 | 1 | 1 | 2 | 0 | 0 |
| Production capacity (plant) | 7 | 4 | 3 | 3 | 0 | 17 | 8 |
| Finance | 1 | 0 | 0 | 1 | 5 | 0 | 0 |
| Labour disputes | 4 | 2 | 2 | 1 | 2 | 17 | 8 |
| Others | 21 | 21 | 20 | 14 | 17 | 26 | 70 |
| No factors | 8 | 8 | 5 | 5 | 0 | 0 | 3 |

### LABOUR REQUIREMENTS (Weighted by employment)

| Those expecting their labour force over the next 12 months to: | Nov.-Feb. % | Oct.-Jan. % | Sept.-Dec. % | Aug.-Nov. % | Eng'g. (Non-elect.) % | Chems. & Oils % | Shipping & Transport % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | February 1982 | | |
| Increase | 13 | 12 | 8 | 8 | 5 | 4 | 0 |
| Stay about the same | 45 | 44 | 47 | 44 | 31 | 45 | 36 |
| Decrease | 42 | 43 | 45 | 48 | 64 | 51 | 64 |

### CAPITAL INVESTMENT (Weighted by capital expenditure)

| Those expecting capital expenditure over the next 12 months to: | Nov.-Feb. % | Oct.-Jan. % | Sept.-Dec. % | Aug.-Nov. % | Eng'g. (Non-elect.) % | Chems. & Oils % | Shipping & Transport % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | February 1982 | | |
| Increase in volume | 34 | 25 | 23 | 23 | 40 | 40 | 61 |
| Increase in value but not in volume | 11 | 9 | 12 | 12 | 3 | 0 | 33 |
| Stay about the same | 23 | 20 | 22 | 19 | 37 | 7 | 0 |
| Decrease | 31 | 42 | 40 | 43 | 20 | 53 | 7 |
| No answer | 2 | 3 | 3 | 3 | 0 | 0 | 0 |

### COSTS

| Wages rise by: | Nov.-Feb. % | Oct.-Jan. % | Sept.-Dec. % | Aug.-Nov. % | Eng'g. (Non-elect.) % | Chems. & Oils % | Shipping & Transport % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | February 1982 | | |
| 0-4% | 2 | 2 | 4 | 4 | 4 | 0 | 0 |
| 5-9% | 80 | 80 | 75 | 67 | 91 | 79 | 57 |
| 10-14% | 16 | 14 | 13 | 17 | 5 | 21 | 43 |
| Remain the same | 0 | 0 | 2 | 2 | 0 | 0 | 0 |
| No answer | 2 | 4 | 7 | 10 | 0 | 0 | 0 |
| | 4 monthly moving total | | | | February 1982 | | |
| Unit costs rise by: | | | | | | | |
| 0-4% | 2 | 2 | 3 | 3 | 21 | 0 | 0 |
| 5-9% | 40 | 40 | 39 | 33 | 40 | 35 | 1 |
| 10-14% | 36 | 32 | 36 | 30 | 29 | 48 | 95 |
| 15-19% | 0 | 4 | 4 | 7 | 0 | 0 | 0 |
| Remain the same | 3 | 4 | 3 | 3 | 0 | 0 | 0 |
| Decrease | 2 | 2 | 2 | 2 | 0 | 0 | 0 |
| No answer | 17 | 17 | 14 | 23 | 10 | 17 | 3 |

### PROFIT MARGINS

| Those expecting profit margins over the next 12 months to: | Nov.-Feb. % | Oct.-Jan. % | Sept.-Dec. % | Aug.-Nov. % | Eng'g. (Non-elect.) % | Chems. & Oils % | Shipping & Transport % |
|---|---|---|---|---|---|---|---|
| | 4 monthly moving total | | | | February 1982 | | |
| Improve | 46 | 42 | 49 | 48 | 71 | 70 | 87 |
| Remain the same | 42 | 47 | 43 | 39 | 17 | 21 | 0 |
| Contract | 12 | 11 | 8 | 7 | [illegible] | [illegible] | [illegible] |

# Marshall director to chair brokers' body

THE FOREIGN EXCHANGE AND CURRENCY DEPOSIT BROKERS' ASSOCIATION has appointed Mr M. A. Knowles, a director of M. W. Marshall and Company as chairman, Mr R. C. Lacy, a director of Astley and Pearce as deputy chairman, and Mr J. L. Little, a director of Charles Fulton and Co., as honorary secretary and treasurer.

★

Mr Richard Birch Reynardson has joined GODDARD KAY ROGERS AND ASSOCIATES, executive search consultants, as a director.

★

Mr Donald W. Ford becomes director and chief executive of the TWIL GROUP from March 1. Mr Ford's appointment follows the death of Mr James Fouldes. Mr Ford has been director of BSC's Scunthorpe Works since 1977.

★

Mr John Pool, a senior partner of surveyors and auctioneers, Lalonde Brothers and Parham, has been appointed to the board of BROOKS SERVICE GROUP, Bristol.

★

COMFORT HOTELS INTERNATIONAL has appointed Mr Colin Pelling as marketing services director.

★

Mr D. J. Robarts has resigned as a director of DAILY MAIL AND GENERAL TRUST.

★

Lord Justice Brightman, has been appointed a Lord of Appeal in Ordinary in succession to Lord Wilberforce who is retiring next month. Mr Justice Slade is to be made a Lord Justice of Appeal in succession to Lord Brightman and Judge Mervyn Davies is to be a Judge of the High Court assigned to the Chancery division.

★

A Liverpool solicitor, Mr Graham Barrie Marsh has been appointed to the board of RADIO CITY (SOUND OF MERSEYSIDE).

★

THE PROPERTY AND REVERSIONARY INVESTMENT CORPORATION has appointed Sir Jack Hughes to its board. Sir Jack Hughes is a consultant with Jones Lang Wootton and chairman of Bracknell New Town Development Corporation.

★

Mr Peter Winberg has been appointed head of international shipping department at SCANDINAVIAN BANK GROUP. Mr Winberg was managing director of Zenit Shipping AB, a subsidiary of Svenska Varv AB, Gothenburg and also worked with the Salén Shipping Group.

★

Mr R. J. Wilkinson has been appointed a director of foreign exchange and currency deposit brokers GUY BUTLER (INTERNATIONAL).

★

CENTURYAN SECURITY has appointed Mr Douglas Edward Warren as group director for the southern region.

★

BRITISH RAIL, London Midland Region has appointed Mr Hugh Jenkins as chief personnel officer. He succeeds Mr Sydney Appleby, who is now the Region's chief officer organisation planning.

★

Mr Jeremy Rewse-Davies, has been appointed chief executive and managing director of OFFICE PLANNING CONSULTANTS. He was previously design director.

★

Mr Tom Rooks has been appointed a technical director of YOUNG AUSTEN & YOUNG, building services engineers. He has been with the company for 2½ years. The company is a member of the UK building division of the Trafalgar House Group.

★

Mr George Glencross has been appointed to the board of LEE BEESLEY electrical contractors. He is contracts director for the northern division.

★

Mr Michael Fleming has been appointed sales and marketing director of NEWEY & EYRE ELECTRONIC DISTRIBUTORS.

★

JENKS AND CATTELL has appointed Mr David Cheng a non-executive director.

★

Mr R. E. Haslehurst has been appointed managing director of BUXTON'S AND MMB. He will replace Mr A. G. Smith who will remain on the board.

★

Mr John Miller has been appointed a non-executive director of SPEAR AND JACKSON INTERNATIONAL.

★

BURNETT AND HALLAMSHIRE HOLDINGS has appointed Mr Richard Mansell-Jones to the board as a non-executive director. Mr Mansell-Jones is a director of Brown, Shipley and Company.

★

Mr Woodrow Wyatt has been appointed chairman of the HORSERACE TOTALISATOR.

★

NORTH AMERICAN DRILLING CO. has appointed Mr Barry Stewart, of Martin Currie and Co., investment managers to the board.

★

Mr Roger Hutchins has resigned as managing director of EGA HOLDINGS and from the boards of its subsidiaries. He has left the board of MK Electric Group.

★

Mr Brian Cannings Knight has resigned his position as managing director of KLUWER (PUBLISHERS, PRINTERS & BOOKSELLERS) and chairman of KLUWER PUBLISHING from March 1.

## INSURANCE

# 'Watchdog' counts cost of complaining

BY ERIC SHORT

THE "watchdog" group set up by three major insurance companies investigated 441 inquiries in its first nine months, according to the first report of the Insurance Ombudsman Bureau.

The cost of operations during the period was £64,000, so every complaint investigated cost the bureau £150. Some critics, who claimed that it was an expensive irrelevancy may say that that figure justifies their argument. Of the total, 68 complaints led to a higher settlement.

The bureau was started a year ago by General Accident, Guardian Royal Exchange and Royal Insurance, who appointed Mr James Haswell, a lawyer, as the first insurance ombudsman.

All other insurance groups were invited to join the bureau. But a year later only eight more—including Phoenix and Legal and General—have taken up the invitation.

The bureau, which is administered by an independent council drawn mainly from consumer and public bodies and chaired by Mrs Joan Macintosh of the National Consumer Council, failed to win widespread support within the insurance industry from the start.

An independent complaints system had been mooted for years under the auspices of the British Insurance Association but without real results.

Eventually the three groups behind the IOB decided to set up their own scheme — and asked others to join them.

Six groups accepted the invitation before the bureau opened to the public and two more have joined since. But seven other groups set up an alternative—the Personal Insurance Arbitration Service—using arbitrators from the Institute of Arbitrators. More than 20 groups have joined the PIAS.

This still leaves most insurance groups outside any independent scheme, however. Some say they will wait to see what happens: others say their own complaints service is adequate and an outside body is neither necessary nor relevant.

The first nine months of the bureau's operation are reviewed by the ombudsman in its report. The results can be used to justify the attitudes of those for and against the operation of an independent claims service.

The bureau received a total of 1,517 inquiries—but of those, only 441 related to members of the bureau and could be handled by the ombudsman. The average cost of each inquiry was thus an inexpensive £150.

The ombudsman either directly or indirectly secured higher payments in 68 cases. The ombudsman will not review a case until the policy-holder has taken his complaint first to the chief executive of the company concerned. These figures would indicate that an insurance company is not infallible in handling claims and that an independent view of a dispute has proved necessary.

However, the decision of the company involved over claims was upheld by the ombudsman in even more cases—as a result either of Mr Haswell's confirming the company's action or the policy holder's accepting the company's decision after it had been explained to him by the bureau. This would seem to allay some fears within the industry that the ombudsman would adopt a strong consumerist stand in almost all complaints and ignore the company view.

In the report, Mrs Macintosh concludes that most policy holders do not want a fight but a settlement. While obviously they prefer a settlement in their favour, most will accept a decision against them if the reasons are sound.

Mrs Macintosh believes that in the long run the bureau will be much more a provider of advice and information aimed at preventing disputes, rather than an arbitrator.

Even so, there does appear to be a communications gap between joint companies and certain policyholders. The companies are unable to bridge that because the policyholders want independent advice on the company's action.

This being so, it would seem opportune for the British Insurance Association to look afresh at the scheme. Before the bureau was off the ground, the BIA investigated its functions and told companies the decision whether or not to join rested with them. There are no plans now for the BIA to re-investigate.

The Life Offices Association and the Associated Scottish Life Offices have taken a different attitude and have had a working party looking at both the bureau and PIAS. The working party advised against a separate scheme for life business and said member companies should join one of the two existing schemes.

*The Insurance Ombudsman Bureau Annual report, April*

# Crackle on the air at RCA

IF A SINGLE company was chosen to illustrate the pressure of fashion upon U.S. big business in the 1960s and 1970s and the dangers of failing to assess the sense in those fashions, the company to choose would be RCA.

RCA made spectacular mistakes. In the super-confident 1960s the company went into mainframe computers and announced it would beat IBM. It lost.

In the early 1970s, the craze was conglomeration, so RCA diversified. Some of the companies it bought, such as Hertz, the car-hire concern, in 1967, were good ones, many were not.

By the late 1970s, the cash cow was business's favourite pet. Everyone had to have a cash-producing offshoot. RCA's cash cow was CIT, the finance company bought in 1979 for almost $1.4bn.

None of these things would have been so bad if RCA had not meanwhile neglected its main businesses in consumer electronics. RCA was left standing by the Japanese on the most important consumer electronic produce of the 1970s, the video tape recorder. Today, RCA distributes Matsushita and Hitachi VTRs in the U.S.

RCA also failed to modernise the production lines of such bread and butter products as colour television. Even today, the company admits that its facilities are 20 per cent less efficient than its Japanese competitors', because of under investment.

Finally, RCA engaged in some of the most spectacularly disruptive management politics of the period. Apart from the revolving door through which four chief executives have been ushered in six years, the corporate world was amazed by events like the hiring and then sacking within six months of Mr Maurice Valente as RCA president in 1980.

Mr Thornton Bradshaw, the new head of RCA, is not a man to be flustered. A fragile but sharp 64-year-old, he chews on his pipe and reviews the most calamitous aspects of the history of RCA with the air of a retired prime minister.

General David Sarnoff, he says, was a genius. His son was "not what RCA needed at the time." Mr Anthony Conrad, next in line, went after a tax scandal, by which time RCA's board was "dipping into its reserves" for a candidate. The regime of Mr Edgar Griffiths, which Mr Bradshaw praises for some things, but which he refers to coldly as "the previous administration," also ended in explosion. Perhaps in part because Mr Griffiths, a dour, numbers - oriented, lifetime career man at RCA, resented the amount of second-guessing on the executive floor at RCA.

These internal divisions, says Mr Bradshaw, were chiefly the product of "a natural division of opinion" about what RCA time, he says, one group which believed consumer electronics was a mature industry in which RCA could never recover its early eminence, and which thus argued for diversification. The other school, of which Mr Bradshaw claims always to have been a members, aimed at a "return to roots."

The CIT deal was the diversification which brought RCA most trouble—in its timing if not in its inherent wisdom. The cash strategy failed because the cows, in a period of rising interest rates, themselves needed all the capital they could generate, and because the purchase cost of CIT put strains on RCA's balance sheet.

RCA, founded by General David Sarnoff in 1919 and the pioneer of the broadcasting industry, has since 1966 lost itself in a maze of diversification and internal strife. Eight months ago, Mr Thornton Bradshaw (left), former president of Atlantic Richfield, the oil company, and an RCA director for nine years, became the $8bn turnover company's fourth chief executive in six years.

should be. There was for a long

"RCA is overdiversified and overexpanded," says Mr Bradshaw. "These are the key words and this is what we are trying to correct. And we can correct them both with the same set of policies."

The main evil of overexpansion has been to increase RCA's long-term debt from just over $700m to more than $1bn. The company's interest costs (excluding Hertz and CIT) rose from $108m in 1978 to $268m in 1980 and $276m in the first nine months of 1981. In addition half the CIT purchase price was raised by an issue of preferred stock, which burdened RCA with $74m in dividends in 1980. In 1981 these dividends were enough to wipe out what was left of RCA's profits after Mr Bradshaw had taken a write-off, mainly to cover the cost of television programme failures created at NBC.

Mr Bradshaw's strategy is simple in outline: sell Hertz or CIT, according to which commands the better market—Hertz at $750m or CIT at over $1.2bn? "Under present economic circumstances, Hertz is an easier deal to discuss," says Mr Bradshaw, who is confident he will find a buyer this year.

If Hertz goes, that will shift RCA's debt to total capital ratio and should, Mr Bradshaw hopes, release capital for the core businesses and help restore RCA to the top ranks of creditworthiness—getting rid of the ugly BBB debt-rating the company now wears around its neck.

In terms of management, Mr Bradshaw is moving softly but firmly. There is a vacant president's office. It will be filled, says Mr Bradshaw, by the halfway mark in his five-year tenure.

At the lower level, the entire top management of RCA's languishing solid state division has been replaced by outsiders and, following a well-established pattern, Mr Bradshaw has picked his own man, Mr Grant Tinker, to run NBC, which has from 40 per cent to 26 per cent ranked a miserable third in the network ratings for years, and the profitability of which has slumped.

In the electronics businesses, Mr Bradshaw is building mainly on work started by Mr Griffiths. He is challenged by the way in which RCA has devolped in the video disc field, and he has to frame strategic concepts.

RCA has, in a sense, staked its future on the video disc. The disc players have run up against booming sales of video tape recorders, but RCA has been encouraged by the strength of demand for the discs themselves.

It is not, however, that the company could not cancel the project—which has cost $200m so far—and survive, but that the blow to its prestige and self-esteem would be enormous and lasting.

Mr Bradshaw erects his strategic frame on four main feet:

● **Innovation:** Although RCA Laboratories in 1980 was the second largest register of patents—after General Electric—Mr Bradshaw says that spending on research has been neglected by all previous administrations. But in the television set area, he believes that RCA in particular and the U.S. in general are still "quite substantially in the lead" over Japan. Among the products in the pipeline is a 50 inch tubeless TV which hangs on the wall like a picture.

● **Manufacturing:** This is the area where the Japanese built up a big lead in terms of cost and quality in the 1970s. Now the quality gap, he claims, is closed and the remaining 20 per cent cost gap will be closed by added investment.

● **Distribution and Marketing:** RCA's resources here, he says, are "remarkable."

● **Service:** RCA has 13,000 employees in its service division, which helps with marketing and which is highly profitable in its own right.

As for future product development, Mr Bradshaw's initial thoughts lie in diversifying from NBC's broadcasting base into the wider and more rapidly growing programming and software industry for cable television and other video forms, to the extent that legal restrictions permit. NBC has lagged behind its competitors in this respect.

He sees the growing diversity of uses for the picture tube (RCA recently started making tubes for computer display screens) as the company's base for future incursions into the high technology home video area.

There is also strong emphasis upon improving performance in the solid state division, not only because it is an important parts supplier but because as an innovator in custom-made integrated circuits it holds the key to RCA's technological progress in certain products.

The VTR boat, says Mr Bradshaw, has been missed, but the world of personal computer and interactive video systems is still young enough to create opportunities for a more alert RCA.

As a one-term chairman, Bradshaw's biggest contribution to RCA will probably be, apart from quelling civil war, the selection of a successor. The model of a team man himself, he is trying not to rush this decision and is also determined, he says, to check thoroughly all internal candidates before going outside.

He does, however, have a very clear idea of what the next chairman of RCA should look like: "He must be that fairly rare combination of an engineer, a broad person who understands the social responsibility of a large and visible corporation and a risk taker."

All three of Mr Bradshaw's predecessors had at least one of these qualities, but none was an engineer. Mr Bradshaw himself is not.

Perhaps it is just coincidence that two other very large but changing corporations, GE and Du Pont, have also picked engineers to lead them in the 1980s. Or perhaps this time, RCA is going to be in early on an emerging fashion.

**Ian Hargreaves**

These Debentures have been sold, this announcement appears as a matter of record only.

New Issue — February 1982

Can. $40,000,000

## Consolidated-Bathurst Inc.

17¼% Series J Debentures due 1987

**Orion Royal Bank Limited**

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**Société Générale de Banque S.A.** — **Union Bank of Switzerland (Securities) Limited**

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H. Albert de Bary & Co. N.V.
Bayerische Vereinsbank Aktiengesellschaft
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B.S.I. Underwriters Limited
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Christiania Bank og Kreditkasse
CIBC Limited
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Continental Illinois Limited
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Credit Suisse First Boston Limited
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Dominion Securities Ames Limited
Financière Dewaay S.A.
Genossenschaftliche Zentralbank AG Vienna
Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
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Samuel Montagu & Co. Limited
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Nederlandse Credietbank nv
Norddeutsche Landesbank Girozentrale
Orion Royal Pacific Limited
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Peterbroeck, Van Campenhout & Cie S.C.S.
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J. Henry Schroder Wagg & Co. Limited
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Société Générale
Swiss Bank Corporation International Limited
Vereins- und Westbank AG
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Wood Gundy Limited

*This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.*

## Hiram Walker Holdings N.V.

*(Incorporated with limited liability in the Netherlands Antilles)*

U.S. $75,000,000

16 per cent. Guaranteed Debentures 1989

unconditionally and irrevocably guaranteed by

## Walker-Home Oil Ltd.

*(Incorporated with limited liability in the Province of Ontario, Canada)*

Issue Price of 100 per cent.

The following have agreed to subscribe or procure subscribers for the Debentures:–

S. G. Warburg & Co. Ltd.

Commerzbank Aktiengesellschaft — Credit Suisse First Boston Limited
Dominion Securities Ames Limited — Morgan Guaranty Ltd
Orion Royal Bank Limited — Salomon Brothers International
Swiss Bank Corporation International Limited

The 75,000 Debentures of U.S. $1,000 each have been admitted to the Official List of The Stock Exchange, subject only to the issue of the Debentures. Interest on the Debentures is payable annually on 1st March, the first such payment being due on 1st March, 1983.
Particulars of the Debentures are available from Extel Statistical Services Limited and may be obtained during normal business hours up to and including 15th March, 1982 from:–

**Rowe & Pitman,**
City-Gate House,
39-45 Finsbury Square,
London EC2A 1JA.

*1st March, 1982.*

**OMRON TATEISI ELECTRONICS CO.**
**Bearer Depositary Receipts**

Notice is hereby given that at a Meeting of the Board of Directors of the above company held on 29th January 1982, it was resolved to make a free distribution to shareholders of common shares of Yen 50 each, by the capitalisation from reserves effective 1st April 1982.
The New shares will be allotted to shareholders appearing on the Share Register at the close of business on 31st March 1982 in the ratio of 0.15 a new share for every share held, *and will rank equal to outstanding shares.*
Holders of Bearer Depositary Receipts (B.D.R.s.) are advised that in order to claim their entitlement, Coupon No. 34 should be lodged with one of the under noted Banks as from the 14th June 1982, where special listing forms are available:–

Hill Samuel & Co. Limited, 45 Beech Street, London EC2P 2LX.
Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg.
Bank of Tokyo Limited, Immermannstrasse 43, 4000 Dusseldorf.1
Bank of Tokyo Limited, Sutherland House, 4 Chater Road, Hong Kong.
Bank of Tokyo Limited, 4-8 Rue Sainte-Anne, 75001 Paris, France.
Bank of Tokyo Limited, Avenue Des Arts, 47/49, 1040 Brussels, Belgium.

Attention is drawn to the fact that as one Depositary share is equivalent to 5 Common Shares of the Company, new B.D.R.s. can be issued only in multiples of 5 Common Shares. Any lesser number will be sold and the proceeds distributed to the persons entitled thereto.
Any further information required may be obtained on application to any of the above mentioned Banks or to Bank of Tokyo Trust Company, 100 Broadway, New York.
Hill Samuel & Co. Limited, 45 Beech Street, London EC2P 2LX.

*This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any Warrants.*

A member of the Henderson Administration management group

## GREENFRIAR INVESTMENT COMPANY plc

(An investment company within the meaning of Part III of the Companies Act 1980, registered in England No. 180670)

**Issue to Shareholders of Warrants to subscribe for 800,000 Ordinary Shares of 25p each.**

The Council of The Stock Exchange has admitted the above-mentioned Warrants to the Official List.

Particulars relating to the Warrants are available in the Statistical Service of Extel Statistical Services Limited and copies of such particulars may be obtained during normal business hours on any weekday up to and including 15th March, 1982 from:

**Cazenove & Co.,**
12 Tokenhouse Yard, London EC2R 7AN.

1st March 1982

NOTICE TO SHAREHOLDERS OF

**SCUDDER DUO-VEST, INC.**

The Boards of Directors of Scudder Duo-Vest Inc. and Scudder Special Fund, Inc. have approved a proposed tax-free reorganization. Scudder Special Fund will acquire the net assets of Scudder Duo-Vest in exchange for Special Fund shares having an equivalent net asset value. The Special Fund shares would then be distributed to the shareholders of Duo-Vest.

A Special Meeting of Shareholders of Scudder Duo-Vest has been called for May 18, 1982 to consider the transaction. Proxy materials will be mailed to Duo-Vest shareholders in April 1982, after Duo-Vest Income Shares have been reclassified into Capital Shares or redeemed and after Duo-Vest Capital Shares have become redeemable at net asset value.

Dated: March 1, 1982

NOTICE TO HOLDERS OF

**ITO-YOKADO CO., LTD.**

6% CONVERTIBLE DEBENTURES DUE AUGUST 31, 1992
5¾% CONVERTIBLE DEBENTURES DUE AUGUST 31, 1993
5⅜% CONVERTIBLE DEBENTURES DUE AUGUST 31, 1996

Pursuant to Section 3.04(f) of the Company's Indentures dated as of June 15, 1977, July 1, 1978 and July 1, 1981, respectively, relating the above-mentioned Debentures, notice is hereby given as follows:

1. The Company has made a free distribution of shares of its Common Stock to shareholders of record as of February 28, 1982 in Japan, at the rate of 1 new share for each 10 shares held.

2. Accordingly, the conversion prices at which the above-mentioned Debentures may be converted into shares of Common Stock of the Company have been adjusted effective as of March 1, 1982, Japan time, from Yen 1,078.40 per share of Common Stock to Yen 980.40 per share of Common Stock for the 6% Convertible Debentures Due August 31, 1992, from Yen 1,098.80 per share of Common Stock to Yen 998.90 per share of Common Stock for the 5¾% Convertible Debentures Due August 31, 1993 and from Yen 1,224 per share of Common Stock to Yen 1,112.70 per share of Common Stock for the 5⅜% Convertible Debentures Due August 31, 1996.

ITO-YOKADO CO., LTD.
By: The Bank of Tokyo Trust Company *as Trustee*

Dated: March 1, 1982

NOTICE TO HOLDERS OF

**ITO-YOKADO CO., LTD.**

7.3% CONVERTIBLE BONDS DUE 1990

Pursuant to Condition 9(C)(xi) of the Terms and Conditions under which the above-mentioned Bonds were issued, notice is hereby given as follows:

1. The Company has made a free distribution of shares of its Common Stock to shareholders of record as of February 28, 1982 in Japan at the rate of 1 new share for each 10 shares held.

2. Accordingly, the conversion price at which the above-mentioned Bonds may be converted into shares of Common Stock of the Company has been adjusted effective as of March 1, 1982, Japan time, from Yen 1,160 per share of Common Stock to Yen 1,154.5 per share of Common Stock.

ITO-YOKADO CO., LTD.
By: The Bank of Tokyo Trust Company *as Trustee*

Dated: March 1, 1982

NOTICE TO HOLDERS OF

**ITO-YOKADO CO., LTD.**

6⅞% Currency Linked/ U.S. Dollar Payable CONVERTIBLE BONDS DUE 1991

Pursuant to Condition 9(C)(xi) of the Terms and Conditions under which the above-mentioned Bonds were issued notice is hereby given as follows:

1. The Company has made a free distribution of shares of its Common Stock to shareholders of record as of February 28, 1982 in Japan at the rate of 1 new share for each 10 shares held.

2. Accordingly, the conversion price at which the above-mentioned Bonds may be converted into shares of Common Stock of the Company has been adjusted effective as of March 1, 1981, Japan time, from Yen 1,184 per share of Common Stock to Yen 1,076.40 per share of Common Stock.

ITO-YOKADO CO., LTD.
By: The Bank of Tokyo Trust Company *as Trustee*

Dated: March 1, 1981

**MANNIN DIAMOND INVESTMENTS LIMITED**

Article 104 Office ... 8565
Tel: 0624 ...
Telex: 62932 MANNIN G

*This advertisement is issued in compliance with the regulations of the Council of The Stock Exchange. It is not an offer of, or an invitation to subscribe for or otherwise acquire, any securities of Fleet Holdings P.L.C.*

## FLEET HOLDINGS P.L.C

*(Incorporated under the Companies Acts 1948 to 1980: registered in England No. 1587318)*

| Authorised | | Issued and fully paid |
|---|---|---|
| £22,000,000 | Ordinary shares of 20p each | £12,044,162 |

Application has been made to the Council of The Stock Exchange for the whole of the issued share capital of Fleet Holdings P.L.C. to be admitted to the Official List. It is expected that dealings will commence on 4th March, 1982.

Particulars relating to Fleet Holdings P.L.C. are available in the statistical service of Extel Statistical Services Limited and may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 18th March, 1982 from:

Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3P 3BD.

L. Messel & Co., Winchester House, 100 Old Broad Street, London EC2P 2HX.

1st March, 1982.

March 1, 1982

## Oesterreichische Kontrollbank Aktiengesellschaft

US$100,000,000

Guaranteed Floating Rate Deposit Notes 1987

Guaranteed by the

**Republic of Austria**

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the Initial Interest Period commencing on February 26, 1982 the Notes will carry an interest rate of 14⅝% per annum. On May 28, 1982 interest of US$18,484.38 will be due per US$500,000 Note and US$369.69 per US$10,000 Note against Coupon No. 1.

Agent Bank
ORION ROYAL BANK LIMITED

## THE MANCHESTER SHIP CANAL COMPANY

**Chairman D.K. Redford CBE**

## 1981 RESULTS

| | 1981 £'000 | 1980 £'000 |
|---|---|---|
| Loss before exceptional items | (2,182) | (1,335) |
| Exceptional items: | | |
| Profit on sale of investments | 2,220 | 228 |
| Accelerated depreciation, etc. | (65) | (1,331) |
| Voluntary severance | (2,398) | (781) |
| Taxation credit | 6 | 445 |
| Loss after taxation | (2,419) | (2,774) |
| Set aside for redeeming loan capital | (57) | (54) |
| Dividends | — | (422) |
| (Loss) per ordinary share of £1 | (64.4p) | (77.5p) |

Points from the Chairman's statement to shareholders:

* Expenditure down by £1M but operating revenue down £1.5M
* Reduction in traffic mostly in upper reaches including Manchester Docks
* Number of jobs cut by over a quarter (nearly 800) during the year
* Voluntary severance payments now total over £3M since mid-1980 excluding dock workers dealt with through national fund
* Work now begun on preparing enterprise zone land in Salford for development
* Cannot yet hold out prospect of return to profit this year

A copy of the report and accounts may be obtained from the Secretary of the Company at Ship Canal House, King Street, Manchester M2 4WX.

## MONEY MARKETS

BY COLIN MILLHAM

# Further encouragement

Interest rates showed an easier trend in most major centres last week, encouraged by the larger than expected drop in the U.S. money supply figures. Trading in Federal funds was fairly volatile, but the overnight rate fell by about ½ per cent on the week, while U.S. bank prime rates declined by ½ per cent to 16½ per cent.

London rates followed the downward trend, and on Wednesday Barclays Bank led the way to a cut of ½ per cent to 13½ per cent in clearing bank base lending rates. National Westminster Bank took about three hours to decide to follow Barclays, and put further pressure on the *building societies* by reducing its mortgage rate. Lloyds Bank and Midland soon fell into line, but the Bank of England was much slower in deciding where its dealing rates on bills should be as a result of the base rates cut.

The authorities' dealing rates were eventually cut by 1/16-¼ per cent, although on the day of the base rate cuts the Bank of England preferred to take out most of the daily shortage by a repurchase agreement on bills, without revealing any new rates.

The Amersham share issue caused considerable problems in money market management, leading to some fairly large shortages of credit, but a repayment of £1,520m on Thursday as money from the unsuccessful applicants found its way back into the system, helped to redress *the balance.*

Encouragement to cut base rates was provided by the Bank of England at the beginning of the week, by cuts in bill dealing rates on Monday and Tuesday.

The major problem for the market will occur today and tomorrow, when over £1bn of Petroleum Revenue Tax will be paid. This will keep very short-term rates tight, but market sentiment seems fairly bullish at present and may yet be looking for further cuts in interest rates, providing the U.S. scene does not take a turn for the worse.

New York rates eased last week, as a result of the money supply figures.

### WEEKLY CHANGE IN WORLD INTEREST RATES

| | Feb. 26 | change | | Feb. 26 | change |
|---|---|---|---|---|---|
| **LONDON** | | | **NEW YORK** | | |
| Base rates | 13½ | −½ | Prime rates | 16½ | −½ |
| 7 day Interbank | 14⅛-14⅜ | +1/16 | Federal funds | 13¾-14 | −¼ |
| 3 mth Interbank | 13 15/16-14⅛ | −1/16 | 3 mth Treasury Bills | 12.29 | −1.11 |
| Treasury Bill Tender | 13.2862 | −0.3311 | 6 Mth. Treasury Bills | 12.84 | −0.80 |
| Band 1 Bills | 13⅝ | −¼ | 3 Mth. C D | 14.30 | −0.80 |
| Band 2 Bills | 13½ | −3/16 | **FRANKFURT** | | |
| Band 3 Bills | 13½-13 9/16 | −¼ | Special Lombard | 10 | Unch'd |
| *3 Mth. Treasury Bills* | 13⅝ | −¼ | One Mth. Interbank | 10.175 | +0.55 |
| 1 Mth. Bank Bills | 13⅝-13 11/16 | −¼ | Three month | 10.225 | −0.05 |
| 3 Mth. Bank Bills | 13½-13 9/16 | −⅛ | **PARIS** | | |
| **TOKYO** | | | Intervention Rate | 14 | −¼ |
| One month Bills | 6.71875 | Unch'd | 1 Mth. Interbank | 14⅛ | −1/16 |
| Three month Bills | 6.59375 | Unch'd | Three month | 14 7/16 | −1/16 |
| **BRUSSELS** | | | **MILAN** | | |
| One month | 14¼ | −⅜ | One month | 20 7/16 | −1/16 |
| Three month | 14 7/16 | −1/16 | Three month | 21 1/16 | −¼ |
| **AMSTERDAM** | | | **DUBLIN** | | |
| One month | 9½ | −⅝ | One month | 19⅝ | +⅝ |
| Three month | 9⅝ | −½ | Three month | 19⅜ | +⅝ |

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market, and their respective changes during the week.

### BANK OF ENGLAND TREASURY BILL TENDER

| | Feb. 26 | Feb. 19 | | Feb. 26 | Feb. 19 |
|---|---|---|---|---|---|
| Bills on offer* | £100m | £100m | Top accepted rate of discount | 13.3566% | 13.6173% |
| Total of applications | £287,900m | £446,425m | Average rate of discount | 13.2862% | 13.6173% |
| Total allocated | £100m | £100m | Average yield | 13.74% | 14.10% |
| Minimum accepted bid | £96.67 | £96.605 | Amount on offer at next tender | £100m | £100m |
| Allotment at minimum level | 53% | 83% | | | |

### FT LONDON INTERBANK FIXING

| 3 months U.S. dollars | |
|---|---|
| bid 15 | offer 15 1/8 |
| **6 months U.S. dollars** | |
| bid 15 1/8 | offer 15 1/4 |

The fixing rates (Feb. 26) are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

### LONDON MONEY RATES

| Feb. 26 1982 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount Market Deposits | Treasury Bills Φ | Eligible Bank Bills Φ | Fine Trade Bills Φ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 5-14⅝ | 14⅛-14⅜ | — | — | 14¼-14⅝ | 13-13½ | — | — | — |
| 2 days notice | — | — | 14⅛-14¼ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 14⅛-14⅜ | 14⅛ | — | — | 14½-14⅝ | 13½ | — | — | — |
| One month | 14 3/16-14 1/16 | 14 14 1/16 | 14¼ | 14⅝-14⅜ | 14 1/16 | 14⅛ | 13½ | 13 9/16-13⅝ | 13⅝-13 11/16 | 14 1/16 |
| Two months | 14⅛-14 | 14-14 1/16 | — | 14⅛-14¼ | 14 1/16 | 14⅜ | 13⅝-13½ | 13½-13 21/32 | 13 9/16 | 14¼ |
| Three months | 14-13⅞ | 13 15/16-14⅛ | 14 | 14½-14¼ | 14⅛ | 14⅜ | 13¼-13⅓ | 13⅜ | 13⅝-13 11/16 | 14 |
| Six months | 13 15/16 13 7/16 | 13 15/16-14⅛ | 14 | 13⅝-13⅝ | 14⅛ | 14⅜ | — | — | 13-13 1/32 | 13⅝ |
| Nine months | 13 7/8-13 3/4 | 13 15/16-14⅛ | — | 14⅛-13¾ | 14⅛ | — | — | — | — | — |
| One year | 13⅞-13¾ | 14-14⅛ | 13⅞ | 13⅞-13⅝ | 14⅛ | — | — | — | — | — |
| Two years | — | — | 14⅛ | — | — | — | — | — | — | — |

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rate nominally three years 14⅜ per cent; four years 14½ per cent; five years 14⅜ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅜ per cent; four months trade bills 14 per cent.

Approximate selling rates for one month Treasury bills 13½ per cent; two months 13⅜-13 15/32 per cent; three months 13¼ per cent. Approximate selling rate for one month bank bills 13½-13 9/16 per cent; two months 13 13/32-13 15/32 per cent and three months 13 5/16 per cent; one month trade bills 14 3/16 per cent; two months 14 per cent; three months 13¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from March 1, 1982. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.2862 per cent.

Certificates of Tax Deposits (Series 5). 14¼ per cent from February 16. Deposits withdrawn for each 11 per cent.

### EURO-CURRENCY INTEREST RATES (Market closing Rates)

| Feb. 26 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Belgian Franc Convertible | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 14¼-14½ | 13½-13¾ | 13-14 | 9 3/16-9⅝ | 6-6½ | 10-10⅛ | 13¾-14¼ | 18-20 | 12-14 | 6¼-6½ |
| 7 days' notice | 14⅛-14½ | 14⅛-14⅝ | 13-14 | 9⅜-9½ | 4⅛-4⅝ | 9 15/16-10 1/16 | 13¾-14¼ | 20-22 | 14-16½ | 6½-6⅝ |
| Month | 14 1/16-14⅛ | 14½-14¾ | 14¾-15⅛ | 9½-9⅝ | 7-7⅛ | 9 15/16-10 1/16 | 14⅜-14⅞ | 20½-21½ | 14-15 | 6 7/16-6 9/16 |
| Three months | 14-14⅛ | 14⅞-15⅛ | 15½-15⅝ | 9 7/16-9 9/16 | 7 1/16-7 3/16 | 9 15/16-10 1/16 | 15½-16 | 21¼-21⅞ | 14⅛-14⅞ | 6 7/16-6 9/16 |
| Six months | 14-14⅛ | 15-15¼ | 15½-15⅞ | 9 7/16-9¾ | 8 1/16-8 3/16 | 10-10⅛ | 16⅜-16⅞ | 21⅜-22 | 14½-15 | 6 7/16-6 9/16 |
| One Year | 13 15/16-14 1/16 | 14⅞-15 1/16 | 15⅞-16¼ | 9⅜-9 11/16 | 7⅞-8 | 9⅞-10 | 16⅝-17⅛ | 22⅛-23 | 14¾-15 1/16 | 6 7/16-6 9/16 |

SDR linked deposits: one month 12 7/16-12 13/16 per cent; three months 12 15/16-13 3/16 per cent; six months 13-13⅜ per cent; one year 13-13⅜ per cent.

ECU linked deposits: one month 12¾-13⅛ per cent; three months 13 1/16-13 7/16 per cent; six months 13¼-13⅝ per cent; one year 13 5/16-13 11/16 per cent.

Asian $ (closing rates in Singapore): one month 14⅜-14½ per cent; three months 14⅝-14⅞ per cent; six months 15-15⅛ per cent; one year 14 15/16-15 1/16 per cent. Long-term Eurodollar two years 15⅜-15⅝ per cent; three years 15½-15¾ per cent; four years 15⅝-15⅞ per cent; five years 15⅝-15⅞ per cent nominal closing rates. *Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.*

The following rates were quoted for London dollar certificates of deposit: one month 14.20-14.30 per cent; three months 14.65-14.75 per cent; six months 14.70-14.80 per cent; one year 14.70-14.80 per cent.

## CURRENCIES AND GOLD

# Dollar improves

The dollar showed a firmer trend in the foreign exchange market last week, despite a decline in U.S. interest rates. Three-month Eurodollars fell to 15 per cent from 15½ per cent, and U.S. bank prime lending rates lost a similar amount to 16½ per cent only a week after prime rates had gone up by the same amount.

There was some encouragement from the previous week's money supply figures, which showed a larger than expected drop, while last week's figures were not expected to show much change, although a deficit of up to $3bn was not considered out of the question.

On Bank of England figures, the dollar's trade-weighted index rose to 113.3 from 111.9. The U.S. currency rose to DM2.3830 from DM2.3645 against the D-mark; to FFr 6.08 from FFr 6.0175 against the French franc; to SwFr 1.8930 from SwFr 1.8850 in terms of the Swiss franc; and to Y236.60 from Y233.25 against the Japanese yen.

Sterling lost ground on the cut in London interest rates and the lower trend in oil prices. Its trade-weighted index fell to 91.1 from 91.6, and the pound finished at its lowest level against the dollar for about four months. Sterling fell 3.25 cents to $1.8215, and also lost ground to Continental currencies; it weakened to DM4.3450 from DM4.3850; to FFr 11.0750 from FFr 11.1525; to SwFr 3.45 from SwFr 3.4950; and to Y431 from Y432.50.

The Danish krone finished as the strongest member of the European Monetary System last week, and the other recently devalued currency, the Belgian franc, was in second place. The Belgian currency did not look too comfortable however, although any further devaluation on top of the 8½ per cent was ruled out of the question by Belgian officials. The D-mark ended as the weakest EMS currency, but any future pressure is expected to build up against the French franc or lira.

*Gold touched its lowest level* for 2½ years on Tuesday, amid signs of further sales by the Soviet Union, and some possible liquidation by Middle East holders in the light of continuing high U.S. interest rates. It finished at $362½-363½ on Friday, a fall of $4½ on the week.

### GOLD

| | Feb. 26 | | Feb. 25 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $362½-363½ | (£199-199½) | $365½-366½ | (£199½-200) |
| Opening | $363¾-364¾ | (£199¼-199¾) | $366¾-367¾ | (£200-200½) |
| Morning fixing | $363.25 | (£199.755) | $368 | (£200.764) |
| Afternoon fixing | $362.60 | (£198.794) | $366.45 | (£200.082) |
| **Gold Coins** | | | | |
| Krugerrand | $373½-374½ | (£205-205½) | $376-377 | (£205¼-205¾) |
| 1/2 Krugerrand | $194-195 | (£106½-107) | $195-196 | (£106½-107) |
| 1/4 Krugerrand | $98-99 | (£53¾-54¼) | $99-100 | (£54-54½) |
| 1/10 Krugerrand | $39-40 | (£21½-22) | $40-41 | (£21¾-22¼) |
| Mapleleaf | $374½-375½ | (£205½-206) | $377-378 | (£205¾-206¼) |
| New Sovereigns | $88½-89 | (£48½-49) | $89½-90 | (£48¾-49) |
| King Sovereigns | $103-104 | (£56½-57) | $105-106 | (£57¼-57¾) |
| Victoria Sovs | $103-104 | (£56½-57) | $105-106 | (£57¼-57¾) |
| French 20s | $89-99 | (£48¾-54¼) | $91-101 | (£49¾-55) |
| 50 pesos Mexico | $450-452 | (£247-248) | $455-457 | (£248¼-249¼) |
| 100 Cor. Austria | $353-355 | (£193¾-194¾) | $357-359 | (£194¾-195¾) |
| $20 Eagles | $496-501 | (£272¼-275) | $497-502 | (£271-273¾) |

### OTHER CURRENCIES

| Feb. 26 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 18,235-18,255† | 10,000-10,050† | Austria | 30.25-30.55 |
| Australia Dollar | 1.6955-1.6975 | 0.9320-0.9326 | Belgium | 86-88 |
| Brazil Cruzeiro | 255.75-256.75 | 140.45-141.15 | Denmark | 14.43-14.57 |
| Finland Markka | 8.276-8.305 | 4.5470-4.5490 | France | 10.99-11.09 |
| Greek Drachma | 109.330-113.235 | 61.50-61.70 | Germany | 4.31-4.35 |
| Hong Kong Dollar | 10.73-10.75 | 5.8915-5.8965 | Italy | 2310-2345 |
| Iran Rial | 148.60* | 81.25* | Japan | 432-437 |
| Kuwait Dinar (KD) | 0.514-0.520 | 0.2845-0.2845 | Netherlands | 4.73-4.77 |
| Luxembourg Fr | 79.65-79.75 | 43.75-43.77 | Norway | 10.88-10.98 |
| Malaysia Dollar | 4.21-4.22 | 2.3115-2.3145 | Portugal | 124-130½ |
| New Zealand Dlr | 2.3185-2.3225 | 1.2720-1.2730 | Spain | 182¾-193 |
| Saudi Arab. Riyal | 6.18-6.24 | 3.4185-3.4215 | Sweden | 10.48-10.58 |
| Singapore Dollar | 3.83-3.84 | 2.1030-2.1055 | Switzerland | 3.42-3.46 |
| Sth. African Rand | 1.7840-1.7860 | 0.9795-0.9805 | United States | 1.81-1.83 |
| U.A.E. Dirham | 6.64-6.70 | 3.6715-3.6735 | Yugoslavia | 92-100 |

† Now one rate. * Selling rate.

### THE DOLLAR SPOT AND FORWARD

| Feb 26 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.8140-1.8260 | 1.8210-1.8220 | 0.08-0.18c dis | −0.86 | 0.55-0.65dis | −1.32 |
| Ireland† | 1.4780-1.4840 | 1.4790-1.4810 | 0.66-0.56c pm | 4.95 | 1.45-1.25 pm | 3.65 |
| Canada | 1.2255-1.2280 | 1.2267-1.2272 | 0.10-0.14c dis | −1.17 | 0.26-0.31dis | −0.93 |
| Nethlnd. | 2.6130-2.6190 | 2.6160-2.6190 | 1.14-1.04c pm | 5.00 | 3.42-3.32 pm | 5.15 |
| Belgium | 43.62-43.80 | 43.75-43.77 | 1c pm-4 dis | −0.41 | 2 pm-4 dis | −0.09 |
| Denmark | 7.9700-8.0000 | 7.9700-7.9800 | ¼ore pm-par | 0.19 | par-½ dis | −0.12 |
| W. Ger. | 2.3730-2.3850 | 2.3825-2.3835 | 1.00-0.90pf pm | 4.78 | 3.08-2.98 pm | 5.09 |
| Portugal | 69.30-70.35 | 70.15-70.35 | 25-80c dis | −8.97 | 55-190 dis | −6.97 |
| Spain | 103.00-103.30 | 103.00-103.10 | 8-18c dis | −1.51 | 30-40 dis | −1.36 |
| Italy | 1,279-1,282 | 1,280-1,281 | 6½-7½ lire dis | −6.55 | 19½-21½ dis | −6.40 |
| Norway | 6.0000-6.0150 | 6.0050-6.0150 | 0.85-0.55c pm | 1.40 | 1.65-1.35 pm | 1.00 |
| France | 6.0650-6.0850 | 6.0775-6.0825 | 0.10-0.25c dis | −0.34 | 1.15-1.45dis | −0.85 |
| Sweden | 5.7820-5.7930 | 5.7825-5.7925 | 0.55-0.35ore pm | 0.93 | 2.55-2.35 pm | 1.69 |
| Japan | 236.40-237.40 | 236.55-236.65 | 1.75-1.60y pm | 8.49 | 4.95-4.80 pm | 8.24 |
| Austria | 16.70-16.74½ | 16.72½-16.73½ | 9¼-8gro pm | 6.19 | 24½-21½ pm | 5.50 |
| Switz. | 1.8850-1.8950 | 1.8925-1.8935 | 1.28-1.20c pm | 7.86 | 3.39-3.31 pm | 7.08 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

### THE POUND SPOT AND FORWARD

| Feb 26 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U S. | 1.8140-1.8260 | 1.8210-1.8220 | 0.08-0.18c dis | −0.86 | 0.55-0.65dis | −1.32 |
| Canada | 2.2260-2.2390 | 2.2370-2.2380 | 0.30-0.40c dis | −1.88 | 1.20-1.35dis | −2.28 |
| Nethlnd. | 4.74-4.78 | 4.76-4.77 | 2-1½c pm | 4.41 | 5-4½ pm | 3.99 |
| Belgium | 79.30-79.80 | 79.65-79.75 | par-15c dis | −1.13 | 15-35 dis | −1.25 |
| Denmark | 14.48-14.56 | 14.53-14.54 | ½-1¼ore dis | −0.51 | 3¾-5¼ dis | −1.22 |
| Ireland | 1.2230-1.2330 | 1.2300-1.2320 | 0.54-0.66p dis | −5.85 | 1.45-1.62dis | −4.99 |
| W. Ger. | 4.32-4.36 | 4.34-4.35 | 1¾-1½pf pm | 4.14 | 4½-3⅞ pm | 3.80 |
| Portugal | 126.50-128.20 | 127.75-128.05 | 50-155c dis | −9.62 | 135-390 dis | −8.21 |
| Spain | 187.20-188.20 | 187.40-187.60 | 15-45c dis | −1.92 | 95-125 dis | −2.35 |
| Italy | 2,322-2,336 | 2,332-2,334 | 13-16 lire dis | −7.46 | 43½-46½ dis | −7.71 |
| Norway | 10.89-10.96 | 10.92½-10.93½ | 1½-½ore pm | 1.23 | ½ pm-½ dis | −0.07 |
| France | 11.02-11.09 | 11.07-11.08 | ½-1½c dis | −1.08 | 5¾-6¼ dis | −2.08 |
| Sweden | 10.49-10.56 | 10.54-10.55 | ¼ore pm-par | −0.43 | 1⅞-1⅝ pm | 0.57 |
| Japan | 428-435 | 430½-431½ | 2.95-2.65y pm | 7.79 | 8.05-7.65 pm | 7.28 |
| Austria | 30.35-30.55 | 30.45-30.50 | 17-13gro pm | 5.91 | 41-35 pm | 4.99 |
| Switz. | 3.43-3.46 | 3.44½-3.45½ | 2¼-1¾c pm | 6.96 | 5⅞-4⅞ pm | 5.65 |

Belgian rate is for convertible francs. Financial franc 86.10-86.20. Six-month forward dollar 1.15-1.25c dis, 12-month 2.10-2.30c dis.

### FORWARD RATES AGAINST STERLING

| | Spot | 1 month | 3 month | 6 month | 12 month |
|---|---|---|---|---|---|
| Dollar | 1.8215 | 1.8228 | 1.8275 | 1.8335 | 1.8435 |
| D-Mark | 4.345 | 4.33 | 4.30375 | 4.26525 | 4.19365 |
| French Franc | 11.075 | 11.085 | 11.1325 | 11.22675 | 11.4130 |
| Swiss Franc | 3.45 | 3.43 | 3.40125 | 3.3640 | 3.27095 |
| Japanese Yen | 431.0 | 428.2 | 423.15 | 416.40 | 404.30 |

### EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU February 26 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 44.6963 | 44.4936 | −0.45 | −0.45 | ±1.5440 |
| Danish Krone | 8.18382 | 8.10851 | −0.92 | −0.92 | ±1.6428 |
| German D-Mark | 2.41815 | 2.42523 | +0.29 | +0.29 | ±1.1097 |
| French Franc | 6.19564 | 6.18130 | −0.23 | −0.23 | ±1.3743 |
| Dutch Guilder | 2.67296 | 2.66148 | −0.43 | −0.43 | ±1.5069 |
| Irish Punt | 0.686799 | 0.687159 | +0.05 | +0.05 | ±1.6689 |
| Italian Lira | 1305.13 | 1302.77 | −0.18 | −0.18 | ±4.1242 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for February 26 ......... 0.559404

### CURRENCY MOVEMENTS

| Feb. 26 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| *Sterling* | 91.1 | −32.6 |
| U.S. dollar | 113.3 | +6.2 |
| Canadian dollar | 87.5 | −18.4 |
| Austrian schilling | 115.9 | −24.2 |
| Belgian franc | 96.7 | −0.2 |
| Danish kroner | 83.8 | −13.2 |
| Deutsche mark | 121.6 | +44.7 |
| Swiss franc | 153.4 | +106.1 |
| Guilder | 114.2 | +21.2 |
| French franc | 79.7 | −14.5 |
| Lira | 54.9 | −57.7 |
| Yen | 138.5 | +32.5 |

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

### CURRENCY RATES

| Feb. 26 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.620657 | 0.559404 |
| U.S. $ | 12 | 1.12689 | 1.01700 |
| Canadian $ | 14.83 | 1.38562 | 1.24918 |
| Austria Sch. | 6¾ | 18.8337 | 17.0042 |
| Belgian F. | 14 | 49.3324 | 44.4936 |
| Danish Kr. | 11 | 8.99033 | 8.10851 |
| D mark | 7½ | 2.68876 | 2.42523 |
| Guilder | 8½ | 2.94963 | 2.66148 |
| French Fr. | 9½ | 6.85093 | 6.18130 |
| Lira | 19 | Unavail | 1302.77 |
| Yen | 5½ | 267.073 | 240.743 |
| Norwgn. Kr. | 9 | 677.374 | 6.10960 |
| Spanish Pta. | 8 | 116.411 | 105.157 |
| Swedish Kr. | 11 | 6.52682 | 5.88810 |
| Swiss Fr. | 6 | 2.13286 | 1.92517 |
| Greek Dr'ch. | 20½ | — | 62.6775 |

### EXCHANGE CROSS RATES

| Feb. 26 | Pound St'rling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild' | Italian Lira | Canadia Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1 | 1.822 | 4.345 | 431.0 | 11.075 | 3.450 | 4.765 | 2333. | 2.238 | 79.70 |
| *U.S. Dollar* | *0.549* | *1.* | *2.385* | *236.6* | *6.080* | *1.894* | *2.616* | *1281.* | *1.228* | *43.76* |
| Deutschemark | 0.230 | 0.419 | 1. | 99.19 | 2.549 | 0.794 | 1.097 | 536.9 | 0.515 | 18.34 |
| Japanese Yen 1,000 | 2.320 | 4.226 | 10.08 | 1000. | 25.70 | 8.005 | 11.06 | 5413. | 5.191 | 184.9 |
| French Franc 10 | 0.905 | 1.645 | 3.923 | 389.2 | 10. | 3.115 | 4.302 | 2107. | 2.020 | 71.96 |
| Swiss Franc | 0.290 | 0.528 | 1.259 | 124.9 | 3.210 | 1. | 1.381 | 676.2 | 0.649 | 23.10 |
| Dutch Guilder | 0.210 | 0.382 | 0.912 | 90.45 | 2.324 | 0.724 | 1. | 489.6 | 0.470 | 16.73 |
| Italian Lira 1,000 | 0.429 | 0.781 | 1.862 | 184.7 | 4.747 | 1.479 | 2.042 | 1000. | 0.959 | 34.16 |
| Canadian Dollar | 0.447 | 0.814 | 1.942 | 192.6 | 4.950 | 1.542 | 2.130 | 1043. | 1. | 35.62 |

### EQUITIES

| Issue price p | Amount Paid up | Latest Renunc. Date | 1981/2 High | 1981/2 Low | Stock | Closing price p | + or − | Div p. or amount | Times covered | Gross yield | P.E. ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 142 | F.P. | — | 194 | 186 | Amersham | 193 | +5 | b3.5 | 2.9 | 2.6 | 15.6 |
| §50 | F.P. | 12/2 | 30 | 29 | Assets Special 10p | 29 | ...... | — | — | — | — |
| — | F.P. | — | 8 | 8 | *Do. Warrants 10p* | 7 | ...... | — | — | — | — |
| 80 | F.P. | — | 367 | 315 | ✱Eldridge Pope £1 | 357 | ...... | 9.5 | 2.9 | 3.8 | 11.0 |
| — | F.P. | 13/1 | 85 | 81 | ✱Equipu 10p | 85 | +2 | bd3.1 | 2.1 | 5.3 | 12.5 |
| † | F.P. | — | 10 | 7 | F&C Enter. Warrants | 7 | ...... | — | — | — | — |
| 150 | F.P. | 4/1 | 165 | 156 | ✱Hayters £1 | 160 | +3 | 10.5 | Φ | 9.9 | Φ |
| §90 | F.P. | 5/3 | 92 | 89 | ✱Imm. Bus. Sys. 10p | 92 | ...... | — | — | — | — |
| ‖ | F.P. | — | 63 | 47 | ✱Malaysian Tin 5p | 47 | −1 | — | — | — | 10.3 |
| §§ | F.P. | — | 14 | 4½ | Peek Hldgs. | 13½ | ...... | — | — | — | 9.1 |
| ‖ | F.P. | — | 15½ | 13 | TSW 5p | 15 | ...... | F0.6 | — | 5.7 | — |
| — | F.P. | — | 5 | 3½ | Viners 1p | 4 | ...... | — | — | — | — |
| 45 | F.P. | 19/2 | 56 | 47 | ✱York Mount | 55 | ...... | b4.51 | 3.9 | 11.7 | 2.8 |

### FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc. date | 1981/2 High | 1981/2 Low | Stock | Closing price | + or − |
|---|---|---|---|---|---|---|---|
| $100 | £25 | 30/7 | 30½ | 25¾ | Barclays 16% Ln. Stk. | 29 | −¾ |
| 100 | F.P. | — | 114 | 111 | Boddingtons Brew 9½% Cnv. Ln. 2000-05 | 111 | ...... |
| ¶ | F.P. | — | 202 | 200 | Churchbury Ests. 6.4% Cnv. Ln 1985 | 202 | ...... |
| ¶ | F.P. | 26/2 | 212 | 210 | Do. 8pc Cnv. Ln. 1987 | 212 | ...... |
| 100 | Nil | — | 2pm | 1pm | Hunting Pet. 10% Cnv. Ln. 1997 | 2pm | ...... |
| ¶99 | £10 | — | 10½ | 10½ | Lee Valley 9¼% Red. Prf. 1989 | 10½ | ...... |
| ¶97½ | F.P. | 18/3 | 13 | 12 | Mid-Kent Water 9½% Red. Prf. 1987 | 100½ | ...... |
| $100 | £10 | — | 100⅞ | 99¾ | Nationwide Bdg. Soc. 16% (17/1/83) | 10⅞ | ...... |
| $100 | F.P. | — | 100½ | 100 | Do. 15⅝% (7/2/83) | 100½ | ...... |
| 98.53 | £20 | — | 21 | 19¾ | Trans-Canada Pipelines 16½% Notes 2007 | 19¾ | −1 |
| — | F.P. | — | 122 | 105 | Viners 10% Cnv. Loan 1988 | 122 | ...... |

### "RIGHTS" OFFERS

| Issue price p | Am'unt paid up | Latest Renunc. date ● | Latest Renunc. date ■ | 1981/2 High | 1981/2 Low | Stock | Closing price p | + or − |
|---|---|---|---|---|---|---|---|---|
| 244.3 | Nil | — | — | 7pm | 6pm | ‡‡Cambrian & Gen. Units | 7pm | ...... |
| 70 | Nil | — | — | 17pm | 5pm | ✱Clyde Petroleum | 5pm | ...... |
| 140 | F.P. | 19/2 | 19/3 | 164 | 154 | Davy Corp. | 154 | −2 |
| 40 | Nil | — | — | 1½pm | ½pm | ✱Energy Finance 10p | ½pm | ...... |
| 160 | Nil | — | — | 28pm | 26pm | Hunting Pet. Services | 26pm | ...... |
| 220 | F.P. | 26/2 | 26/3 | 271 | 258 | Lovell (Y.J.) | 260 | +2 |
| 188 | F.P. | 11/2 | 26/3 | 229 | 218 | MEPC | 224 | −2 |
| 110 | Nil | — | — | 27pm | 24pm | Security Centres | 27pm | +1 |
| 25 | F.P. | 26/2 | 19/3 | 41 | 36 | Smith St. Aubyn | 36 | ...... |
| 45 | Nil | — | — | 5pm | ½pm | Steaua Romana (Brit.) | ½pm | ...... |

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Φ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. Shares.

### LOCAL AUTHORITY BOND TABLE

| Authority (*telephone number in parentheses*) | Annual gross interest | Interest payable | Minimum sum | Life of bond |
|---|---|---|---|---|
| | % | | £ | Year |
| Knowsley (051-548 6555) | 14½ | ½-year | 1,000 | 4-8 |

# FT UNIT TRUST INFORMATION SERVICE

## OFFSHORE & OVERSEAS FUNDS

**S.G. Europe Obligations S.A.**
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations ... US$44.19 −0.20 1.86

**Leopold Joseph & Sons (Guernsey)**
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L.J. Sterling Fund ... £14.50 14.51

**King & Shaxson Mngrs.**
1, Charing Cross, St. Helier, Jersey. (0534) 73741

**Save & Prosper International**
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds

Companies and Markets

# WORLD STOCK MARKETS

## NEW YORK

| 1981-2 High | Low | Stock | Feb. 26 |
|---|---|---|---|
| 45⅞ | 22½ | Cincinnati Mil. | 22¾ |
| 29¾ | 21⅛ | Citicorp | 26⅝ |
| 57½ | 27 | Cities Service | 28 |
| 30⅜ | 21 | City Invest | 22⅞ |
| 38½ | 23½ | Clark Equipment | 24⅞ |
| 45½ | 28⅜ | Cleve Cliffs Iron. | 29¼ |
| 13⅞ | 9⅞ | Coro X | 11⅝ |
| 15⅞ | 9¾ | Cluett Peaby | 15¼ |
| 39¾ | 30¼ | Coca Cola | 30¼ |
| 18¼ | 14 | Colgate Palm | 17⅝ |
| 13¼ | 8½ | Collins Aikman | 11⅜ |
| 43⅞ | 22 | Colt Inds | 25 |

| 1981-2 High | Low | Stock | Feb. 26 |
|---|---|---|---|
| 56 | 26⅝ | Genuine Parts | 33⅝ |
| 31¾ | 17 | Georgia Pac | 17⅞ |
| 62½ | 35½ | Geosource | 35½ |
| 33 | 24⅝ | Gerber Prod | 24⅞ |
| 92¼ | 47 | Getty Oil | 47½ |
| 28 | 16⅝ | Giddins Lewis | 19⅜ |
| 35½ | 27¼ | Gillette | 32¾ |
| 35¾ | 11¼ | Global Marine | 15⅜ |
| 27⅜ | 18¾ | Goodrich (BF) | 19 |
| 20⅛ | 15 | Goodyear Tire | 19¼ |
| 30⅛ | 20⅛ | Gould | 20⅛ |
| 59¼ | 38½ | Grace | 39½ |
| 44½ | 33⅞ | Grainger (WW) | 37⅞ |

| 1981-2 High | Low | Stock | Feb. 26 |
|---|---|---|---|
| 39¾ | 30⅞ | Mellon Natl. | 36½ |
| 47½ | 35⅞ | Melville | 43⅛ |
| 57 | 34 | Mercantile Sts | 54⅞ |
| 102⅜ | 75½ | Merck | 78⅝ |
| 66½ | 47⅞ | Meredith | 59⅝ |
| 43⅞ | 26¼ | Merrill Lynch | 31⅞ |

| 1981-2 High | Low | Stock | Feb. 26 |
|---|---|---|---|
| 42⅜ | 27 | St. Regis Paper | 27⅝ |
| 36 | 15¼ | Santa Fe Inds | 15¾ |
| 10¼ | 6¾ | Saul Invest | 7 |
| 7⅜ | 4⅛ | Saxon Indus | 4¼ |
| 42 | 25⅛ | Schering Plough | 27⅝ |

## CANADA

| 1981-2 High | Low | Stock | Feb. 26 |
|---|---|---|---|
| 27¼ | 18¼ | AMCA Intl | 19 |
| 32 | 19 | Abitibi | 19 |
| 18¼ | 5⅞ | Agnico Eagle | 6⅞ |
| 46½ | 22⅝ | Alcan Alumin | 24½ |
| 48⅞ | 36½ | Algoma Steel | 36¾ |
| 44⅝ | 13 | Asbestos | 14 |
| 34 | 21¾ | Bk. Montreal | 22⅜ |
| 34 | 22½ | Bk. Nova Scotia | 22½ |
| 13¾ | 3.10 | Basic Resources | 3.20 |
| 20 | 17 | Bell Canada | 17⅞ |
| 25⅛ | 14¾ | Bow Valley | 15¼ |
| 56½ | 22½ | BP Canada | 29 |
| 37 | 19⅜ | Brascan A | 20 |
| 12 | 5 | Brinco | 5½ |
| 25¼ | 9⅝ | B. C. Forest | 9⅝ |
| 37⅝ | 24¾ | CIL Inc. | 25 |
| 18 | 7⅝ | CadillacFairview | 9⅞ |
| 43 | 15 | Camflo Mines | 15 |
| 16⅜ | 8½ | Can Cement | 9⅜ |
| 42¾ | 24¼ | Can N W Lands | 25½ |
| 36¾ | 29¾ | Can Packers | 31½ |
| 34 | 25⅛ | Can Trusco | 27¾ |
| 31⅞ | 25¾ | Can Imp Bank | 27¼ |
| 54¼ | 33⅛ | Can Pacific | 33½ |
| 27⅝ | 16 | Can P. Ent | 17⅛ |
| 35 | 28 | Can Tire | 32½ |
| 30½ | 17 | Chieftain | 19 |
| 72 | 44¾ | Cominco | 60 |
| 29½ | 14½ | Cons Bathst A | 15⅛ |
| 13 | 6½ | Cont. Bk. Canada | 7⅛ |
| 23¾ | 7¼ | Coseka Resrc'es | 8⅛ |
| 14¾ | 7 | Costain | 7½ |
| 13⅝ | 3.50 | Daon Devel | 3.50 |
| 58⅜ | 26⅛ | Denison Mines | 26¾ |
| 30¼ | 14¾ | Dome Mines | 15¾ |

## HOLLAND

| 1981/82 High | Low | Feb. 26 | Price Fls |
|---|---|---|---|
| 98.3 | 65.5 | ACF Holding | 76.5 |
| 79.3 | 56 | Alhold | 64 |
| 29.4 | 15.7 | AKZO | 29 |
| 308 | 259.5 | ABN | 274 |
| 96.3 | 78.7 | AMEV | 81.5 |
| 60.1 | 46 | AMRO | 46 |
| 222 | 170 | Bredero Cert | 194 |
| 88.7 | 58 | Bos Kalis | 69.3 |
| 62 | 34 | Buhrmann-Tet | 39.2 |
| 41 | 18.1 | Caland Hldgs | 34.5 |
| 163 | 98 | Elsevier-NDU nv. | 134 |
| 148.5 | 106.0 | Ennia | 107 |
| 77.0 | 64 | EuroCom Tst | 71 |
| 73 | 49.8 | Gist. Brocades | 72.8 |
| 60.3 | 41.6 | Heineken | 53.1 |
| 20.4 | 13.3 | Hoogovens | 15.6 |
| 13.4 | 6.2 | Hunter Douglas | 7.1 |
| 23.8 | 12.6 | Int-Muller | 22.1 |
| 142 | 56 | KLM | 97.2 |
| 30.4 | 15.1 | Naarde'n | 28.7 |
| 126.8 | 106.6 | Nat Ned Cert | 106.9 |
| 49.8 | 32.5 | Ned Cred Bank | 32.7 |
| 202 | 112.2 | Ned Mid Bank | 113 |
| 167 | 92 | Nedlloyd | 118 |
| 128 | 60.5 | Oce Grinten | 86.8 |
| 36.7 | 26.8 | Ommeren (Van) | 27 |
| 49.3 | 35 | Pakhoed | 41.8 |
| 24.7 | 15 | Philips | 24 |
| 53.6 | 29 | Rijn-Schelde | 29 |
| 258 | 207.5 | Robeco | 217.6 |
| 123.8 | 109.9 | Rodamco | 122.1 |
| 265.2 | 202.5 | Rolinco | 205 |
| 143.3 | 117.2 | Rorento | 143.3 |
| 106.5 | 71.3 | Royal Dutch | 76 |
| 144 | 71.1 | Slavenburg's | 77.8 |
| 260.5 | 192 | Tokyo Pac Hg | 211 |
| 160.5 | 123.8 | Unilever | 159.3 |
| 181 | 113 | Viking Res | 114 |
| 51 | 18.1 | VMF Stork | 40 |
| 79.5 | 44.5 | VNU | 51.5 |
| 33 | 19.9 | Volker-Stevin | 29.4 |
| 220 | 57 | West Utr Bank | 85.5 |

## NORWAY

| 1981/82 High | Low | Feb. 26 | Price Kronor |
|---|---|---|---|
| 173 | 100 | Bergens Bank | 116.5 |
| 140 | 77 | Borregaard | 125 |
| 151 | 111 | Creditbank | 146 |
| 84 | 47.5 | Elkem | 49 |
| 510 | 360 | Kosmos | 365 |
| 537.5 | 352.5 | Norsk Hydro | 352.5 |
| 273 | 135 | Storebrand | 215 |

## HONG KONG

| 1981/82 High | Low | Feb. 26 | Price H.K. $ |
|---|---|---|---|
| 38.75 | 16.6 | Cheung Kong | 17 |
| 3.55 | 1.75 | Cosmos Prop | 1.85 |
| 11.7 | 7.90 | Cross Harbour | 11 |
| 176 | 99.5 | Hang Seng Bank | 121 |
| 8.75 | 4.20 | HK Electric | 5.25 |
| 10.80 | 4.80 | HK Kowloon Wh. | 4.95 |
| 14.8 | 7.6 | HK Land | 7.8 |
| 20.1 | 12.2 | HK Shanghai BK. | 14.7 |
| 31.25 | 16.8 | HK Telephone | 28.4 |
| 26.5 | 13 | Hutchison Wpa | 15.2 |
| 27.70 | 12.3 | Jardine Math | 17.1 |
| 7.30 | 4.05 | New World Dev. | 4.30 |
| 7.60 | 4.15 | O'seas Trust Bk. | 5.2 |
| 21.60 | 6.60 | SKH Props | 6.60 |
| 20.3 | 9.5 | Swire Pac A | 9.75 |
| 9.10 | 4.95 | Wheel'k Mard A. | 5.90 |
| 6.0 | 4.10 | Wheel'k Mariti'e | 5.00 |
| 5.40 | 2.00 | World Int. Hldgs. | 2.65 |

## JAPAN

| 1981/82 High | Low | Feb. 27 | Price Yen |
|---|---|---|---|
| 1,020 | 745 | Ajinomoto | 870 |
| 911 | 540 | Amada | 645 |
| 713 | 378 | Asahi Glass | 599 |
| 620 | 431 | Bridgestone | 437 |
| 1,760 | 710 | Canon | 871 |
| 467 | 310 | Citizen | 310 |
| 270 | 220 | Teijin | 220 |
| 1,190 | 565 | Teikoku Oil | 791 |
| 565 | 385 | TBS | 475 |
| 701 | 452 | Tokyo Marine | 466 |
| 995 | 800 | Tokyo Elect.Pwr. | 965 |
| 132 | 103 | Tokyo Gas | 114 |
| 643 | 440 | Tokyo Sanyo | 480 |
| 241 | 147 | Tokyu Corp | 213 |
| 526 | 214 | Toshiba | 348 |
| 560 | 408 | TOTO | 408 |
| 495 | 390 | Toyo Seikan | 432 |
| 1,640 | 724 | Toyota Motor | 960 |
| 4,380 | 2,400 | Victor | 2,490 |
| 860 | 671 | Wacoal | 735 |
| 1,210 | 690 | Yamaha | 722 |
| 651 | 510 | Yamazkia | 552 |
| 378 | 237 | Yasuda Fire | 242 |
| 705 | 497 | Yokogawa Bdge. | 532 |

## SOUTH AFRICA

| 1981/82 High | Low | Feb. 26 | Price Rand |
|---|---|---|---|
| 4.55 | 2.80 | Abercom | 3.75 |
| 10 | 7.40 | AE & CI | 8.8 |
| 18.45 | 14.40 | Anglo Am | 14.55 |
| 133.0 | 84.5 | Anglo Am. Gold | 85.5 |
| 3.85 | 1.00 | Anglo Am. Prop. | 2.8 |
| 11.2 | 9.10 | Barlow Rand | 9.65 |
| 57.25 | 34.25 | Buffels | 36.5 |
| 8 | 4.85 | CNA Invest | 7.35 |
| 3.05 | 1.90 | Currie Finance | 2.45 |
| 10.90 | 8.02 | De Beers | 7.90 |
| 37.25 | 24 | Driefontein | 25.0 |
| 65.00 | 35.75 | FS Geduld | 35.75 |
| 110 | 54.0 | Gold Fields S.A. | 67.5 |
| 5.65 | 4.00 | Highveld Steel | 5.15 |
| 9.75 | 5.70 | Huletts | 9.0 |
| 43.75 | 28.00 | Kloof | 31.50 |
| 6.75 | 5.30 | Nedbank | 6.30 |
| 24 | 15.00 | OK Bazaars | 19.25 |
| 3.7 | 2.80 | Protea Hldgs | 2.95 |
| 12.1 | 6.35 | Rembrandt | 10.65 |
| 5.8 | 3.00 | Rennies | 5.20 |
| 7.00 | 4.25 | Rust Plat | 4.3 |
| 3.05 | 2.00 | Sage Hldgs | 2.75 |
| 5.15 | 3.25 | SA Brews | 4.68 |
| 22 | 15.00 | Tiger Oats | 20 |
| 4.05 | 2.50 | Unisec | 3.50 |

**Financial Rand US$0.76**
**(Discount of 25½%)**

## BRAZIL

| 1981/82 High | Low | Feb. 26 | Price Cruz |
|---|---|---|---|
| 1.90 | 0.76 | Acesita | 1.85 |
| 12.65 | 3.05 | Banco Brasil | 11.70 |
| 4.89 | 1.80 | Belgo. Min. | 3.50 |
| 8.30 | 2.80 | Logas Amer. | 8.05 |
| 9.90 | 2.12 | Petrobras PP | 9.70 |
| 9.95 | 2.05 | Souza Cruz | 8.15 |
| 12.50 | 4.55 | Unip PE | 12.50 |
| 13.45 | 4.50 | Vale Rio Doce | 11.15 |

## TEL AVIV

| Company | Prices Feb 28 1982 | Change on the week |
|---|---|---|
| **Banking, Insurance and Finance** | | |
| Bank Leumi le Israel | 2,088 | + 21 |
| IDB Bankholding | 1,689 | + 9 |
| Bank Hapoalim Br. | 2,774 | + 19 |
| Union Bk. of Israel Br. | 1,915 | + 15 |
| United Mizrahi Bank | 1,404 | + 11 |
| Hassneh Insurance Br. | 1,350 | −155 |
| Leumi Mort. Bank Br. | 1,045 | − 35 |
| "Tefahot" Isrl. Mt. Bk. | 2,060 | + 50 |
| Danot | 271 | − 29 |
| **Land Development** | | |
| Africa Israel Inv. I£10 | 3,750 | − 10 |
| Israel Land Devpt. Br. | 1,210 | −170 |
| Property and Building | 1,035 | − 70 |
| **Public Utility** | | |
| Israel Electric Cpn. | — | — |
| **Investment Companies** | | |
| Bank Leumi Invest. | 990 | − 95 |
| "Clal" Israel Invest. | 638 | −104 |
| Discount Invest. | 875 | − 55 |
| **Commercial and Industrial** | | |
| Dead Sea Works | 2,325 | −125 |
| Polgat "B" | — | — |
| Argaman Textile Br. | ‡725 | − 44 |
| "Ata" Textile "B" | ‡570 | − 80 |
| Amer. Israeli Ppr. Mills | 1,180 | − 70 |
| Elite | 1,760 | −340 |
| Teva Reg. | 1,675 | −323 |
| **Fuel and Oil** | | |
| Delek | 952 | −228 |

Source: Bank Leumi le Israel BM, Tel Aviv. ‡ Seller.

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

# Indices

## NEW YORK —DOW JONES

| | Feb. 26 | Feb. 25 | Feb. 24 | Feb. 23 | Feb. 22 | Feb. 19 | 1981-82 High | 1981-82 Low | Since Cmpil'tn High | Since Cmpil'tn Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ◆Industr'ls | 824.38 | 825.82 | 826.77 | 812.88 | 811.26 | 824.50 | 1024.05 (27/4) | 811.26 (22/2/82) | 1051.70 (11/1/73) | 41.22 (2/7/32) |
| H'me Bnds. | 57.37 | 57.32 | 57.31 | 57.10 | 56.64 | 56.11 | 65.78 (15/1/81) | 54.99 (1/10) | — | — |
| Transport. | 336.38 | 338.52 | 340.31 | 334.11 | 338.24 | 343.13 | 447.38 (16/4) | 334.11 (23/2/82) | 447.38 (16/4/81) | 12.23 (8/7/32) |
| Utilities | 107.23 | 106.35 | 106.54 | 106.85 | 105.60 | 104.91 | 117.81 (6/1/81) | 101.28 (28/9) | 163.32 (20/4/69) | 10.5 (28/4/42) |
| TradingVol 000·† | 43,940 | 54,160 | 44,800 | 60,100 | 58,310 | 51,340 | — | — | — | — |

◆Day's high 831.24, low 817.83.

| | Feb. 19 | Feb. 12 | Feb. 5 | Year ago (approx |
|---|---|---|---|---|
| Ind. div. yield % | 6.74 | 6.66 | 6.50 | 5.87 |

## STANDARD AND POORS

| | Feb. 26 | Feb. 25 | Feb. 24 | Feb. 23 | Feb. 22 | Feb. 19 | 1981-82 High | 1981-82 Low | Since Cmpil'tn High | Since Cmpil'tn Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Indust'ls | 128.51 | 125.74 | 126.08 | 125.81 | 125.87 | 128.11 | 157.02 (6/1/81) | 125.81 (25/2/82) | 160.96 (28/11/80) | 3.52 (30/6/32) |
| Composite | 113.11 | 113.21 | 113.47 | 111.51 | 111.59 | 113.22 | 138.12 (6/1/81) | 111.51 (25/2/82) | 140.52 (28/11/80) | 4.402 (1/6/32) |

| | Feb. 24 | Feb. 17 | Feb. 10 | Year ago (approx) |
|---|---|---|---|---|
| Ind. div. yield % | 5.83 | 5.79 | 5.74 | 4.46 |
| Ind. P/E Ratio | 7.62 | 7.66 | 7.73 | 9.11 |
| Long Gov. Bond yield | 13.21 | 13.93 | 14.32 | 12.75 |

**N.Y. S.E. ALL COMMON**

| Feb. 26 | Feb. 25 | Feb. 24 | Feb. 23 | 1981-82 High | 1981-82 Low |
|---|---|---|---|---|---|
| 65.33 | 65.41 | 65.46 | 64.44 | 79.14 (6/1/81) | 64.44 (23/2/82) |

**Rises and Falls**

| | Feb. 26 | Feb. 25 | Feb. 24 |
|---|---|---|---|
| Issues Traded | 1,864 | 1,877 | 1,860 |
| Rises | 636 | 943 | 1,019 |
| Falls | 800 | 551 | 483 |
| Unchanged | 420 | 383 | 359 |
| New Highs | 21 | 29 | 20 |
| New Lows | 73 | 38 | 106 |

| MONTREAL | Feb. 26 | Feb. 25 | Feb. 24 | Feb. 23 | 1981-82 High | 1981-82 Low |
|---|---|---|---|---|---|---|
| Industrials | 292.08 | 291.68 | 292.16 | 290.75 | 404.56 (27/5) | 289.27 (16/2/82) |
| Combined | 277.56 | 277.82 | 277.56 | 275.52 | 475.28 (15/6) | 275.60 (16/2/82) |
| TORONTO Composite | 1671.3 | 1677.6 | 1675.0 | 1656.8 | 2390.56 (16/7) | 1648.3 (15/2/82) |

| | Feb. 26 | Feb. 25 | Feb. 24 | Feb. 23 | 1981-82 High | 1981-82 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** All Ord. (1/1/80) | 490.8 | 490.0 | 494.5 | 501.8 | 757.5 (6/4) | 490.0 (25/2/82) |
| Metal & Minls. (1/1/80) | 355.1 | 355.7 | 358.1 | 368.5 | 785.2 (7/1/81) | 355.1 (26/2/82) |
| **AUSTRIA** Credit Aktien (2/1/62) | 54.59 | 54.59 | 54.57 | 54.66 | 56.43 (5/1/81) | 53.84 (13/10) |
| **BELGIUM** Belgian SE (31/12/63) | 98.11 | 98.35 | 98.98 | 101.39 | 101.39 (23/2/82) | 89.53 (16/6) |
| **DENMARK** Copenhagen SE (1/1/73) | 126.22 | 126.22 | 125.45 | 125.85 | 126.22 (25/2/82) | 95.93 (2/1/81) |
| **FRANCE** CAC General (29/12/61) | 104.10 | 104.0 | 102.6 | 103.0 | 112.5 (17/6) | 77.3 (15/6) |
| Ind Tendance (31/12/81) | 121.50 | 121.5 | 119.3 | 118.5 | 124.0 (19/2/82) | 97.7 (4/1/82) |
| **GERMANY** FAZ-Aktien (31/12/58) | 230.06 | 230.76 | 229.53 | 228.82 | 245.47 (5/7) | 215.88 (9/2) |
| Commerzbank(Dec1953) | 702.7 | 702.7 | 699.5 | 698.2 | 749.0 (5/7) | 666.4 (16/2) |
| **HOLLAND** ANP-CBS General (1970) | 86.4 | 86.8 | 85.8 | 85.8 | 96.8 (29/9) | 78.5 (28/9) |
| ANP-CBS Indust (1970) | 69.6 | 69.9 | 69.3 | 69.1 | 76.4 (22/6) | 61.4 (22/12) |
| **HONG KONG** Hang Seng Bank (31/7/64) | 1271.80 | 1265.80 | 1267.12 | 1255.33 | 1810.20 (17/7) | 1113.77 (5/10) |
| **ITALY** Banca Comm Ital.(1972) | 204.02 | 201.09 | 200.84 | 201.06 | 292.03 (5/6) | 166.44 (24/7) |
| **JAPAN**[**] Dow Average (16/5/49) | 7548.51 | 7580.45 | 7664.02 | 7714.55 | 8019.14 (17/8) | 6858.52 (13/5) |
| Tokyo New SE (4/1/68) | 559.93 | 562.24 | 568.90 | 571.00 | 603.92 (17/8) | 495.79 (5/1/81) |
| **NORWAY** Oslo SE (1/1/72) | 116.70 | 117.65 | 117.84 | 119.68 | 145.72 (8/8) | 110.34 (6/8) |
| **SINGAPORE** Straits Times (1966) | 749.73 | 747.66 | 746.05 | 744.96 | 973.26 (26/6) | 723.97 (15/2/82) |
| **SOUTH AFRICA** Gold (1958) | 481.2 | 489.8 | 481.4 | 478.7 | 797.8 (7/1/81) | 475.6 (6/7) |
| Industrial (1958) | 670.7 | 673.3 | 667.7 | 684.3 | 711.7 (8/1/82) | 557.2 (5/2) |
| **SPAIN** Madrid SE (30/12/81) | 105.31 | 105.09 | 104.51 | 104.70 | 107.45 (9/2/82) | 99.17 (5/1/82) |
| **SWEDEN** Jacobson & P. (1/1/58) | 698.34 | 698.65 | 697.54 | 695.86 | 680.31 (10/8) | 494.17 (29/1/81) |
| **SWITZERLAND** Swiss BankCpn.(31/12/58) | 251.4 | 251.7 | 249.2 | 244.3 | 304.2 (2/4) | 242.9 (17/11) |
| **WORLD** Capital Intl. (1/1/70) | — | 135.4 | 136.0 | 135.2 | 162.8 (6/1/81) | 133.8 (28/9) |

(**) Sat. Feb 20: Japan Dow (C). TSE (C).

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

## NEW YORK ACTIVE STOCKS

| Friday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Texaco | 1,327,100 | [illegible] | [illegible] |
| Pepsico | 798,600 | [illegible] | −1⅛ |
| [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] |
| AT&T | [illegible] | [illegible] | [illegible] |
| Exxon | 477,700 | 28⅛ | + ⅛ |
| Archer-Daniels | 468,000 | 15 | − ½ |
| IBM | 464,900 | 61⅞ | + ⅛ |
| Superior Oil | 428,800 | 27½ | + ⅛ |
| Cities Service | 373,900 | 28⅛ | + ½ |

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

## INT. BANK AND O'SEAS GOVT. STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH AND AFRICAN LOANS

## LOANS

Public Board and Ind.

Financial

Building Societies

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

## BANKS AND HIRE PURCHASE

Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## CHEMICALS, PLASTICS—Cont.

## DRAPERY AND STORES

## ELECTRICALS

## ENGINEERING MACHINE TOOLS

## FOOD, GROCERIES, ETC.

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

# FT UNIT TRUST INFORMATION SERVICE

# AUTHORISED UNIT TRUSTS

**[illegible] Unit Tst. Mngrs. (a)**
72-80, Gatehouse Rd., Aylesbury 0296 5941

| | | | | |
|---|---|---|---|---|
| American Growth | 58.1 | 62.5xd | +0.3 | 2.32 |
| [illegible] | 38.5 | 41.6 | -0.3 | 4.09 |
| (Accum. Units) | 49.8 | 53.8 | -0.4 | 4.09 |
| [illegible] | 60.1 | 65.0xd | -0.5 | 4.72 |
| Gilt & Fixed Int. | 100.0 | 105.3xd | -2.5 | 12.04 |
| Income | 38.9 | 42.1xd | -0.2 | 8.38 |
| Worldwide Bond | 107.4 | 113.7 | +0.8 | 4.84 |
| Inv. Tst. Fd | 54.3 | 58.7 | -0.3 | 4.09 |
| Equitas Prog. | 83.7 | 90.5 | -0.6 | 4.52 |

**Allen Harvey & Ross Unit Tst. Mngrs.**
45, Cornhill, London EC3V 3PB 01-623 6314.

| | | | | |
|---|---|---|---|---|
| AHR Gilt Trust | 88.7 | 93.3xd | -0.5 | 13.01 |

**Allied Hambro Ltd. (a) (g)**
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

| | | | | |
|---|---|---|---|---|
| **Balanced Funds** | | | | |
| Allied 1st | 90.7 | 97.0xd | -1.1 | 5.56 |
| Brit. Inds. Fund | 81.0 | 86.7 | -0.6 | 6.16 |
| Growth & Income | 58.2 | 62.3 | -0.5 | 4.01 |
| Elect. & Ind. Dev. | 46.9 | 50.2 | -0.3 | 4.28 |
| Allied Capital | 101.4 | 108.5 | -0.7 | 4.60 |
| Hambro Fund | 138.9 | 148.6 | -1.4 | 5.44 |
| Hambro Acc. Fund | 203.0 | 217.2 | -1.7 | 4.60 |
| **Income Funds** | | | | |
| High Yield Fd. | 68.7 | 73.5xd | -0.5 | 8.65 |
| High Income | 85.0 | 91.0xd | -3.4 | 7.03 |
| Equity Income Fd. | 48.2 | 51.6xd | -0.5 | 7.15 |
| Govt. Secs. | 24.6 | 25.2 | -0.3 | 12.62 |
| **International Funds** | | | | |
| International | 33.9 | 36.3xd | -0.2 | 2.53 |
| Japan Fund | 28.2 | 30.8 | -0.3 | 0.54 |
| Pacific Fund | 65.8 | 70.4 | -0.5 | 1.34 |
| American Spec. Sits. | — | 25.0 | | 1.10 |
| Secs. Of America | 80.2 | 85.8 | +0.1 | 2.86 |
| **Specialist Funds** | | | | |
| Smaller Co.'s Fd. | 59.6 | 63.8 | -0.2 | 3.68 |
| 2nd Smlr. Co's Fd. | 75.6 | 80.9 | -0.3 | 4.02 |
| Recovery | 29.2 | 31.2 | -0.2 | 4.52 |
| Met. Min. & C'dty. | 57.2 | 61.2 | -1.1 | 6.23 |
| Overseas Earnings | 79.1 | 84.6 | -0.8 | 4.75 |
| **Exempt Funds** | | | | |
| Income Exempt | 54.3 | 57.0 | -0.4 | 8.25 |
| Far East Exempt | 73.0 | 75.9 | -0.4 | 1.65 |
| Smaller Co. Exempt | 101.3 | 106.4 | -0.7 | 3.71 |
| U.S.A. Exempt | 131.2 | 136.4 | +0.5 | 2.88 |

**Anderson Unit Trust Managers Ltd.**
62, London Wall, EC2R 7DQ 01-638 1200

| | | | | |
|---|---|---|---|---|
| Anderson U.T. | 67.6 | 73.1 | .... | 3.39 |

**Ansbacher Unit Mgmt. Co. Ltd.**
1, Noble St., EC2V 7JA. 01-726 4931

| | | | | |
|---|---|---|---|---|
| Inc. Monthly Fund | 169.0 | 179.0xd | ..... | 10.80 |
| Leics.&Gen.Fd. | 55.0 | 58.0 | ..... | 7.33 |

**Anthony Wieler Unit Tst. Mgmt. Ltd.**
19, Widegate St., London, E1 7HP. 01-247 8827

| | | | | |
|---|---|---|---|---|
| Wieler Gwth Fd. Inc. | 37.1 | 39.9 | ..... | 2.70 |
| Do. Accum. | 47.7 | 51.3 | ..... | 8.50 |

**Arbuthnot Securities Ltd. (a)(c)**
37, Queen St., London, EC4R 1BY. 01-236 5281

| | | | | |
|---|---|---|---|---|
| Capital | 33.4 | 35.8 | ..... | — |
| Commodity | 66.0 | 70.9 | -0.1 | 2.69 |
| (Accumulation) | 105.5 | 113.4 | -0.2 | 2.69 |
| (10% Withdrawal) | 46.3 | 49.7 | -0.1 | 2.69 |
| Eastern & Internat'l | 48.9 | 52.3 | -0.7 | 1.00 |
| (6% Withdrawal) | 32.7 | 34.9 | -0.4 | 1.00 |
| Extra Income | 83.2 | 89.5 | -0.4 | 11.13 |
| (Accumulation) | 108.7 | 117.1 | -0.5 | 11.13 |
| Finance & Property | 24.6 | 26.5 | ... | 4.64 |
| Foreign | 137.4 | 147.9 | -0.5 | 1.00 |
| Giants | 48.1 | 51.8 | -0.1 | 3.24 |
| (Accumulation) | 64.6 | 69.6 | -0.2 | 3.24 |
| Gilt & Fixed | 39.7 | 41.6xd | -0.3 | 12.29 |
| (Accumulation) | 47.8 | 49.9xd | -0.4 | 12.29 |
| Growth | 41.7 | 44.9 | -0.1 | 3.45 |
| (Accumulation) | 56.4 | 60.7 | -0.3 | 3.45 |
| High Income | 35.4 | 38.1xd | -0.2 | 9.84 |
| (Accumulation) | 64.8 | 69.8xd | -0.4 | 9.84 |
| (8½% Withdrawal) | 46.8 | 50.4xd | -0.3 | 9.84 |
| High Yield | 37.9 | 40.7 | -0.1 | 12.01 |
| (Accumulation) | 72.7 | 78.0 | -0.2 | 12.01 |
| North American†† | 35.4 | 38.1 | +0.9 | 1.00 |
| Preference | 19.7 | 21.0 | .. | 14.26 |
| (Accumulation) | 43.5 | 46.3 | .. | 14.26 |
| Smaller Companies | 41.1 | 44.1 | +0.2 | 2.51 |
| (Accumulation) | 41.7 | 44.7 | +0.2 | 2.51 |

**Archway Unit Tst. Mgs. Ltd.(a)(c)**
317, High Holborn, WC1V 7NL. 01-831 6233

| | | | | |
|---|---|---|---|---|
| Archway Fund | 115.9 | 124.6 | | 5.81 |

Prices February 25. Next sub. day March 4.

**Arkwright Management**
Parsonage Gdns., Manchester 061-834 2332.

| | | | | |
|---|---|---|---|---|
| Arkwright Fd. Feb. 23. | 107.4 | 114.3 | | 4.20 |

**Barclays Unicorn Ltd.(a)(c)(g)**
Unicorn Ho. 252, Romford Rd., E7 01-534 5544

| | | | | |
|---|---|---|---|---|
| Unicorn America | 36.9 | 39.6 | +0.3 | 1.38 |

**Choularton Fund Managers(g)**
57-63 Princess St., Manchester 061-236 5685

| | | | | |
|---|---|---|---|---|
| Growth | 14.9 | 16.1 | | 3.88 |
| International | 54.6 | 59.0xd | -0.5 | 1.24 |
| High Income | 28.8 | 31.1 | -0.1 | 11.27 |

**Confederation Funds Mgt. Ltd. (a)**
50, Chancery Lane, WC2A 1HE 01-242 0282

| | | | | |
|---|---|---|---|---|
| Growth Fund | 79.0 | 83.1 | | 4.45 |

**Craigmount Unit Tst. Mgrs. Ltd.**
Bucklersbury, London EC4N 8BD 01-248 4984

| | | | | |
|---|---|---|---|---|
| High Income | 36.5 | 39.8 | -0.2 | 11.12 |
| North American | 56.7 | 61.3 | +0.5 | 2.76 |
| Canadian Exempt* | 57.8 | 56.9 | | 3.44 |
| Canadian Trust | 47.1 | 51.0 | +0.1 | 2.70 |
| Mid Mount High Inc* | 47.1 | 49.8xd | | 9.63 |
| Recovery | 58.1 | 63.5 | -0.7 | 3.47 |
| Gilt Trust | 38.9 | 40.7xd | +0.2 | 13.93 |

*Weekly dealing day Wednesday.

**Crescent Unit Tst. Mngrs. Ltd. (a)(g)**
4 Melville Cres., Edinburgh 3 031-226 3492

| | | | | |
|---|---|---|---|---|
| Cres. Amer Fd. | 38.9 | 42.0 | -0.6 | 0.60 |
| Cres. Internat'l. | 82.3 | 88.8 | -0.2 | 1.70 |
| Cres. High Dist. | 46.2 | 49.9 | -0.5 | 9.17 |
| Cres. Reserves | 51.3 | 55.4xd | -0.7 | 5.42 |
| Cres. Tokyo | 39.1 | 42.2 | -0.2 | 0.30 |

**Dartington Unit Trust Mngt. Ltd.**
Bridge Chambers, Barnstaple, Devon 0271 76324

| | | | | |
|---|---|---|---|---|
| Total Perf Unit Tst. | 22.1 | 24.0 | .... | 6.94 |

**Discretionary Unit Fund Managers**
36/38 New Broad St., EC2M 1NU. 01-638 4485

| | | | | |
|---|---|---|---|---|
| Disc. Inc. Feb 26 | 255.3 | 272.2 | -5.0 | 4.91 |

**Dunbar Unit Trust Managers Ltd.**
53, Pall Mall, London, SW1 5JH 01-930 2122

| | | | | |
|---|---|---|---|---|
| Income & Growth | 22.6 | 24.0 | -0.2 | 7.70 |
| Special Sits. | 26.3 | 27.9 | +0.8 | 2.84 |

**E. F. Winchester Fund Mngt. Ltd.**
44, Bloomsbury Square, WC1A 2RA 01-623 8893

| | | | | |
|---|---|---|---|---|
| Great Winchester | 21.2 | 23.7xd | ... | 7.34 |
| Gt. Winchester O'seas | 32.2 | 35.8 | ... | 3.49 |

**Equity & Law Un. Tr. M. (a) (b) (c)**
Amersham Rd., High Wycombe. 0494 33377

| | | | | |
|---|---|---|---|---|
| UK Gwth. Tst. Acc. | 56.4 | 60.6 | -0.5 | 4.77 |
| UK Gwth. Tst. Inc. | 56.4 | 60.6 | -0.5 | 4.77 |
| Higher Inc. Tst. Acc. | 58.3 | 62.6 | -0.5 | 8.28 |
| Higher Inc. Tst. Inc. | 58.3 | 62.6 | -0.5 | 8.28 |
| Gilts/Fxd. Int. Tst. Acc. | 53.0 | 55.7 | -0.4 | 5.41 |
| Gilts/Fxd Int. Tst. Inc. | 53.0 | 55.7 | -0.4 | 5.41 |
| Nth. America Tst. Acc. | 50.4 | 54.1 | +0.6 | 1.86 |
| Far East Tst. Acc. | 45.5 | 48.9 | -0.8 | 1.03 |
| General Tst. | 93.6 | 100.6 | -0.5 | 4.68 |

**Fidelity International Management Ltd.**
20, Abchurch Lane, London EC4N 7AL. 283 9911

| | | | | |
|---|---|---|---|---|
| American (z) | 36.8 | 39.8 | +0.2 | 0.74 |
| Amer. Spec. Sits. (z) | 26.1 | 28.4 | +0.3 | 0.01 |
| Gilt & Fixed Int. | 23.6 | 24.4 | -0.2 | 13.29 |
| Growth & Income | 32.7 | 35.7 | -0.4 | 7.00 |
| Japan Trust (z) | 23.0 | 24.9 | -0.2 | — |
| Max. Inc. Eq. Tst. | 30.9 | 33.5 | -0.2 | 8.82 |
| Special Sits. | 37.7 | 41.5 | 0.3 | 0.74 |

**James Finlay Unit Trust Mngt. Ltd.**
10-14, West Nile Street, Glasgow 041-204 1321

| | | | | |
|---|---|---|---|---|
| J. Finlay Internat'l | 35.2 | 37.8 | ..... | 2.35 |
| Accum. Units | 43.8 | 47.1 | .. | 2.35 |
| J. Finlay High Income | 38.6 | 41.5 | .... | 9.07 |
| Finlay Wld. Energy | 13.4 | 14.4 | .. | 2.89 |
| Accum. Units | 17.4 | 18.7 | .. | 2.89 |
| J. Finlay Fd. In. Tst. | 42.3 | 45.5 | .. | 5.34 |
| Accum. Units | 55.9 | 60.1 | .. | 5.34 |

Prices on Feb. 24 Next dealing Mar. 3

**Framlington Unit Mgt. Ltd. (a)**
64, London Wall, EC2M 5NQ. 01-628 5181

| | | | | |
|---|---|---|---|---|
| Amer & Gen. | 87.6 | 93.6 | +0.8 | 0.88 |
| (Accum. Units) | 87.6 | 93.6 | +0.8 | 0.88 |
| Am T'around. | 78.4 | 83.8 | +0.8 | 2.21 |
| (Accum. Units) | 78.4 | 83.8 | +0.8 | 2.21 |
| Capital Tst. | 67.4 | 72.0 | -0.4 | 4.59 |
| (Accum. Units) | 72.6 | 77.6 | -0.4 | 4.59 |
| Convertible & Gilt | 48.8 | 51.2 | -0.2 | — |
| (Accum. Units) | 51.8 | 54.4 | -0.2 | 9.60 |
| Extra Income Trust | 54.8 | 58.4 | -0.6 | 8.65 |
| Income Tst. | 46.4 | 49.6 | -0.4 | 6.99 |
| Int. Growth Fd. | 69.0 | 73.6 | +0.2 | 1.11 |
| (Accum. Units) | 74.8 | 79.8 | +0.2 | 1.11 |

**Robert Fraser Trust Mgt. Ltd.**
28b Albemarle St., W 1 01-493 3211

| | | | | |
|---|---|---|---|---|
| Robt. Fraser Ut. Tst. | 75.4 | 80.7 | | 6.00 |

**Friends Prov. Trust Managers (a)(b)(c)**
Pixham End, Dorking. Tel 885055

| | | | | |
|---|---|---|---|---|
| Friends Prov Units | 70.3 | 75.1 | -0.8 | 4.16 |
| Do Accum | 104.7 | 111.9 | -0.3 | 4.16 |

**Funds in Court***
Public Trustee, Kingsway, WC2. 01-405 4300

| | | | | |
|---|---|---|---|---|
| Capital Feb 18 | 149.3 | 153.0 | | 4.67 |
| Gross Inc. Feb 18 | 82.2 | 85.5xd | | 11.95 |
| High Yield Feb 18 | 94.3 | 97.0xd | | 11.15 |

*Unauth. Restricted to monies under Court control

**G.T. Unit Managers Ltd.**
16, Finsbury Circus, EC2M 7DJ 01-628 8131

| | | | | |
|---|---|---|---|---|
| G T Cap Income | 143.5 | 154.3 | -3.6 | 3.90 |
| Do. Acc. | 190.3 | 204.6 | -4.8 | 3.90 |

**Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)**
Registrar's Dept., Goring-by-Sea,
Worthing, West Sussex 01-623 1288

| | | | | |
|---|---|---|---|---|
| Balanced | 77.2 | 83.0 | -0.1 | 4.07 |
| Do (Accum.) | 121.0 | 130.1 | -1.0 | 4.07 |
| Energy Int. | 38.7 | 41.6xd | ..... | 2.40 |
| Do (Accum.) | 39.8 | 42.7 | | 2.46 |
| Extra Income | 64.2 | 69.0 | -0.4 | 8.64 |
| Do (Accum.) | 91.4 | 98.2 | -0.6 | 8.64 |
| Income | 100.4 | 107.9 | -0.9 | 6.90 |
| Do. (Accum.) | 165.5 | 177.9 | -1.4 | 6.90 |
| Int. Technology | 77.3 | 83.1 | +0.2 | 0.47 |
| Do (Accum.) | 78.7 | 84.6 | +0.2 | 0.47 |
| N American & Gen. | 46.9 | 50.4xd | +0.5 | 1.36 |
| Do (Accum.) | 48.2 | 51.8 | +0.5 | 1.36 |
| Pacific Basin | 46.7 | 50.2xd | -0.1 | 0.34 |
| Do (Accum) | 47.1 | 50.6 | -0.1 | 0.34 |
| Small Cos. & Recy | 58.7 | 63.1 | -0.2 | 2.88 |
| Do (Accum.) | 61.6 | 66.2 | -0.2 | 2.88 |
| Worldwide Gwth. | 84.5 | 90.8 | -0.4 | 2.32 |
| Do. (Accum.) | 113.6 | 122.1 | -0.5 | 2.32 |

**Lloyd's Life Unit Tst. Mngrs. Ltd.**
2, St. Mary Axe, EC3A 8BP 01-623 6114

| | | | | |
|---|---|---|---|---|
| Equity Accum (2) | 283.3 | 298.3 | | 3.99 |

**Local Authorities' Mutual Invest. Tst.***
77, London Wall, EC2N 1DB 01-588 1815

| | | | | |
|---|---|---|---|---|
| Property Fd Jan. 31 | | 158.50 | ... | 6.83 |
| Wider Fd Jan 31 | | 288.65 | ... | 5.00 |
| Narrower Fd Jan. 31 | | 73.40 | ... | 13.90 |

*Unauthorised. Available only to Local Authorities.

**M & G Group (y)(c)(z)**
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

| | | | | |
|---|---|---|---|---|
| American | 68.3 | 73.4xd | +0.1 | 2.55 |
| (Accum Units) | 74.9 | 80.5 | +0.2 | 2.55 |
| American Recovery | 77.3 | 82.7 | +0.4 | 1.57 |
| (Accum Units) | 80.6 | 86.2 | +0.4 | 1.57 |
| Australasian | 65.0 | 69.5xd | -0.7 | 2.08 |
| (Accum. Units) | 68.6 | 73.4 | -0.8 | 2.08 |
| Commodity | 117.0 | 125.2xd | -0.4 | 3.49 |
| (Accum. Units) | 140.8 | 150.7 | -0.6 | 3.49 |
| Compound Growth | 177.4 | 193.4 | -1.9 | 3.77 |
| Conversion Growth | 118.5 | 129.2 | -1.1 | 2.70 |
| Conversion Income | 80.3 | 87.5xd | +0.1 | 8.64 |
| Dividend | 140.6 | 153.3 | +0.4 | 8.76 |
| (Accum Units) | 334.8 | 364.9 | +1.0 | 8.76 |
| European | 60.1 | 64.3 | -0.4 | 2.90 |
| (Accum. Units) | 67.6 | 72.3 | -0.4 | 2.90 |
| Extra Yield | 89.5 | 97.6 | +0.2 | 9.30 |
| (Accum. Units) | 150.8 | 164.4 | +0.3 | 9.30 |
| Far Eastern | 105.8 | 113.2xd | -0.1 | 1.52 |
| (Accum. Units) | 122.2 | 130.8 | -0.2 | 1.52 |
| Fund of Inv. Tsts. | 96.0 | 104.6 | — | 4.89 |
| (Accum. Units) | 133.0 | 145.0 | — | 4.89 |
| General | 235.6 | 253.3xd | -1.9 | 6.24 |
| (Accum. Units) | 427.2 | 459.2 | -3.5 | 6.24 |
| Gilt Income | 46.7 | 49.0xd | +0.3 | 12.33 |
| (Accum. Units) | 51.8 | 54.4 | +0.4 | 12.33 |
| High Income | 118.8 | 128.3 | +0.3 | 8.40 |

**Save & Prosper Group—Cont.**

| | | | | |
|---|---|---|---|---|
| **High Income Funds** | | | | |
| Gilt & Fxd Int. Inc. | 47.9 | 50.4 | -0.4 | 12.34 |
| High Return | 67.2 | 72.3 | -0.6 | 8.33 |
| Income | 43.0 | 46.2xd | -0.4 | 10.04 |
| **U.K. Funds** | | | | |
| Gilt & Fxd Int Grth | 53.6 | 54.2 | -0.5 | 4.75 |
| UK Equity | 62.0 | 67.0xd | -0.7 | 4.10 |
| **Overseas Funds (z)** | | | | |
| Europe | 78.2 | 84.1 | -0.3 | 2.03 |
| Japan | 122.1 | 131.4 | -1.9 | 0.10 |
| S.E. Asia | 75.7 | 81.4 | -0.5 | 0.73 |
| U S. | 114.5 | 123.2 | +1.4 | 0.79 |
| **Sector Funds** | | | | |
| Commodity | 114.1 | 122.8 | -0.8 | 3.45 |
| Energy | 111.5 | 120.0xd | -0.1 | 1.63 |
| Exploration Fund (z) | 29.6 | 31.8xd | -0.3 | 0.26 |
| Financial Secs. | 101.4 | 109.1 | -0.3 | 2.76 |
| New Technology (z) | 46.0 | 49.5 | +0.1 | 0.25 |
| **Fixed-Interest Fund (z)** | | | | |
| Intl Bond Fd. | 61.0 | 65.5 | -0.3 | 2.24 |
| **Exempt Funds** | | | | |
| Exempt Income* | 199.2 | 210.3 | .. | 7.49 |
| Exempt Intl.* | 350.7 | 370.2 | .. | 0.91 |

Prices at Feb. 24. Next sub day Mar. 10.

**Scotbits Securities Ltd.**

| | | | | |
|---|---|---|---|---|
| Scotbits | 47.9 | 51.7 | -0.5 | 3.82 |
| Scotyield | 53.0 | 57.0xd | -2.5 | 7.70 |
| Scotshares | 82.2 | 88.8 | -0.9 | 4.85 |

**Schroder Unit Trust Managers Ltd.**
48, St Martins Lane, WC2 Dealings 0705 27733

| | | | | |
|---|---|---|---|---|
| Capital | 168.5 | 181.1 | -0.9 | 2.81 |
| (Accum Units) | 221.0 | 237.6 | -0.3 | 2.81 |
| Income Fnd. | 245.4 | 263.8 | -2.7 | 7.32 |
| (Accum. Units) | 448.9 | 482.6 | -4.9 | 7.32 |
| Gen. | 142.8 | 153.5 | -1.3 | 3.79 |
| (Accum. Units) | 199.8 | 213.0 | -1.8 | 3.79 |
| Europe | 22.8 | 24.5 | ... | 2.82 |
| (Accum Units) | 27.4 | 29.4 | -0.1 | 2.82 |
| Smaller Co's | 159.2 | 171.1 | -0.9 | 2.56 |
| (Accum Units) | 159.2 | 171.1 | -0.9 | 2.56 |
| American | 52.1 | 56.0 | +0.2 | 0.93 |
| (Accum. Units) | 52.1 | 56.0 | +0.2 | 0.93 |
| Tokyo | 54.9 | 59.0xd | -1.0 | 1.69 |
| (Accum. Units) | 54.9 | 59.0 | -1.0 | 1.69 |
| Gilt & Fixed | 45.4 | 47.7xd | -0.6 | 11.97 |
| (Accum Units) | 49.6 | 52.2 | -0.7 | 11.97 |
| Australian | 43.3 | 47.0xd | | 3.98 |
| (Accum. Units) | 44.2 | 48.0 | +0.1 | 3.98 |
| Singapore & Malay | 46.0 | 49.4 | -0.5 | 1.27 |
| (Accum. Units) | 46.0 | 49.4 | -0.5 | 1.27 |
| *P & C Fd. Jan. 23 | 251.6 | 270.5xd | ..... | 4.78 |
| *Recovery Feb. 16 | 310.1 | 333.4xd | — | 4.11 |
| Spec. Ex. Feb. 23 | 470.9 | 506.3xd | — | 2.18 |
| *Euro Ex. Feb. 25 | 113.3 | 121.8 | +1.8 | 3.48 |

*For tax exempt funds only.

**Scottish Amicable Inv. Mngrs. Ltd.**

# Liberals likely to fight Bell seat

By Elinor Goodman
Political Correspondent

THE LIBERALS rather than the Social Democrats look likely to carry the Alliance colours in the by-election at Beaconsfield, Bucks, caused by the death at the weekend of Sir Ronald Bell, Conservative MP.

Sir Ronald, one of the most outspoken right-wingers on the Tory backbenchers, had a majority of 21,495 at the last election. This makes Beaconsfield one of the 50 or so safest Conservative seats.

It is essential to Conservative morale that the party holds on to it.

No formal decision will be taken on which Alliance party will fight the seat, until after Sir Ronald's funeral. Mr Roy Jenkins is already committed to fighting for the Alliance in the next by-election — in Glasgow Hillhead — and the assumption in both parties yesterday was that the Liberals would get first refusal on Beaconsfield.

One suggestion was that Mr John Pardoe, the former Liberal economic spokesman, might stand, but his family discounted this.

In some ways Beaconsfield, with its large middle class electorate, might have seemed a better bet for Mr Jenkins. At Hillhead his lack of Scottish credentials seem to be working against him, judging by one opinion poll published at the weekend.

It would take a much larger swing for the Alliance to win Beaconsfield than Hillhead, however. Even with one as big as Mrs Shirley Williams got in Crosby, the Alliance would not be home and dry in Beaconsfield.

The Liberals and the SDP are in the middle of negotiations about seats covering Buckinghamshire, Berkshire and Oxfordshire. Beaconsfield apparently was not on either party's list of priorities.

The Liberals have done quite well there in the past. They came second in both 1974 elections, although they were forced into third place by Labour in 1979.

The constituency has only small pockets of Labour supporters on the borders with Slough. If the Government lost Beaconsfield, it would be a serious blow to confidence on the Tory backbenchers. With Mrs Williams's win at Crosby, it would suggest the SDP really was making in-roads into the traditional power base.

Sir Ronald represented the area since 1950. A prominent *member of the right-wing* Monday Club, he repeatedly called for the repatriation of immigrants. He was a passionate nationalist and anti-Common Marketeer. He died on Saturday soon after addressing an anti-EEC meeting.

The Prime Minister said she was "deeply saddened" by his death. He possessed "two supreme qualities." He had both a "fierce loyalty to the party" and a "robust, even defiant, independence of spirit."

● Rank-and-file Liberal members rebuked the parliamentary leadership at the weekend over its backing for the Employment Bill. The Liberal Council passed a motion calling on the parliamentary party to oppose the Bill at third reading.

It agreed to set up committee within the party to hear appeals from local Liberal parties which feel they have been treated unfairly in the negotiations over seats with the SDP.

Continued from Page 1

## Mulley

particularly over defence. As the Defence Secretary in the last Labour Government, he opposes Labour's commitment to unilateral disarmament.

The far left is strong in Sheffield, where three weeks ago Mr Fred Hooley, a left-of-centre MP, failed to be re-selected. Mr Caborn is president of Sheffield Labour Party, and a vice-chairman of Sheffield Trades Council. He is not a member of the Militant Tendency, which suggests that, even if Labour's current investigation into Militant leads to a ban on its members standing as candidates, Labour moderates will continue to face difficulties in being re-selected in some areas.

Mr Mulley served in government under both Sir Harold Wilson and Mr James Callaghan and is a former party chairman and member of the executive.

His de-selection will add to the worries of Mr Michael Foot, the party leader, but he seems unlikely to make an issue out

# Polish restrictions eased after bishops' appeal

BY OUR FOREIGN STAFF

THE POLISH authorities yesterday eased some restrictions *as a party delegation headed by* General Wojciech Jaruzelski, the country's military leader, prepared to leave for the first visit to the Soviet Union since the imposition of Martial Law last December.

The relaxations do not end the interment and censorship, bans on strikes and demonstrations, or the use of summary *justice. But they do include the* release of about 300 internees greater freedom of travel inside Poland and abroad and the re-establishment of many domestic and international automatic telephone and telex links.

The relaxations were announced by General Kiszczac, the Interior Minister, in the wake of nationwide appeals by *Poland's church leaders for* martial law to be lifted.

After a bishops' conference at the end of last week, Archbishop Jozef Glemp, the Polish Primate, and other bishops yesterday read from the pulpits a strongly-worded communique calling for a "social compact" between all the forces in society — including Solidarity — "to discuss how to get out of this catastrophe."

The bishops' call for the suspended Solidarity trade *union movement to join political* talks was allowed to be broadcast on the State radio. But their plea for an end to Martial Law and an amnesty for detained union supporters was cut out of the broadcast version.

The message was one of the toughest to have come from the church during the current crisis. It appears that the *authorities will oppose the* revival of Solidarity despite the Bishops' appeal. General Jaruzelski's talks in Moscow are likely to be of decisive importance in this respect.

General Jaruzelski's visit to Moscow was announced by the official Soviet news agency Tass yesterday.

Tass gave no details of the composition of the Polish delegation, nor did it indicate which Soviet officials it would meet. But it seemed probable it would *hold talks with* President Leonid Brezhnev and other senior members of the Kremlin leadership.

"The Soviet people . . . express confidence that the visit will facilitate further consolidation of the relations of friendship, unity and all-round co-operation between the Soviet Union and the Polish People's Republic," Tass said. The visit is likely to last two days.

# Government aims to curb debate on North Sea oil privatisation

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT intends to introduce a guillotine on Commons discussion of its controversial proposals to sell off North Sea oil operations and to open up some of the British Gas corporation's operations to competition.

An announcement is likely within the next 10 days of a timetable motion restricting further debate on the Oil and Gas (Enterprise) Bill, which is now in committee.

There has so far been 54 hours of discussion, including an all-night sitting last week during which only eight of the 35 clauses were considered. None of the original proposals had been altered.

The Government will argue that progress has been too slow with the Opposition wasting time. The Labour Party reply is that it has been trying to clarify, with only limited success, many uncertainties about the structure of Britoil, the oil exploration and production side of the British National Oil Corporation which is to be sold.

In particular, Labour MPs have been pressing for disclosure of the Articles of Association of Britoil, which should indicate how UK Government control is to be ensured.

The need for a guillotine on the Bill at some stage has been recognised from the start by members of the committee, but the announcement is certain to provoke a row in the Commons and the timetable motion will have to be debated on the floor of the chamber.

Labour is likely to use the opportunity to renew its criticisms about the methods of sale of State-owned assets following the large profits made last week by buyers of Amersham International, the radioactive materials producer.

The Government will face further pressure this week over the Amersham affair during Commons questions and the all-party Public Accounts Committee, which meets today, will be considering whether to start an inquiry into the affair.

One result of the timetable motion will be to curtail debate on the contentious British Gas part of the Bill, which the committee is only just beginning to examine. Discussions are likely to highlight the opposition of British Gas to this section, which has resulted in tense relations between Sir Dennis Rooke, Chairman of British Gas, and Mr Nigel Lawson, the Energy Secretary.

After some tortous negotiations, Sir Dennis has however been allowed to explain to the committee what he regards as the facts of the position.

# Japan seeks U.S. trade talks

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN IS TO SEEK a joint ministerial conference with the U.S. to tackle bilateral trade and other economic problems.

The proposal will be put formally to the U.S. when Mr Y. Sakurauchi, Japanese Foreign Minister, visits Washington later this month. The hope in Tokyo is that the meeting can be before the Paris economic summit meeting in the summer.

The aim would be a general understanding at the highest possible level on ways in which the two countries can start to lower tensions on trade and related issues.

Japan would send at least six Ministers to the meeting, presumably hoping to discuss matters such as yen-dollar exchange rate and the discrepancy between U.S. and Japanese interest rates as well as trade issues.

Holding regular Cabinet-level meetings on economic issues between Japan and the U.S. was proposed in the report of the U.S.-Japanese "Wise Men's Group," a panel of independent economic experts which met several times to discuss bilateral economic problems between December 1979 and the middle of last year.

The "Wise Men's" recommendation was ignored at the time, but is now apparently being dusted off by Japan as one of a number possible ways to reduce tension.

Another recommendation of the Wise Men's Group, to open a Japanese trade ombudsman's office, was acted on last December. The office is now a reality.

Mr Malcolm Baldridge, U.S. Commerce Secretary, suggested last week that the office would prove of little use and was "not the right way" to tackle the problem of bilateral trade imbalances.

Japan's decision to suggest a ministerial conference follows the realisation last week that Washington remained far from satisfied with progress towards opening the Japanese market to U.S. imports.

U.S. dissatisfaction was forcibly conveyed to a parliamentary mission led by Mr Masumi Esaki, a former Minister of International Trade and Industry who visited Washington last week.

He briefed Mr Zenko Suzuki, the Prime Minister, on Saturday on the result, or rather lack of result, of his mission.

Japan's inner Cabinet of economic Ministers meets tomorrow to consider what other steps should be taken about the increasing trade tensions with the U.S.

# Howe dilemma

Continued from Page 1

cutting it by a token one point at a cost of £750m.

A cut in the standard rate of income tax or of value added tax seems highly unlikely on cost and political grounds. The Chancellor undoubtedly will *raise income-tax thresholds in* line with the inflation rate, and he may find he can afford extra help to taxpayers in the lower ranges. He would like to announce some held to small businesses and measures to create employment in the inner cities.

The normal assumption that excise duties should be raised by 12 per cent in line with the inflation rate would put about 2p on a pint of beer, 55p on a bottle of gin, 10p on a bottle of wine, 9p on a packet of 20 cigarettes, and about 9p on a gallon of petrol.

Some of these duties are likely to be increased by less than the full amount, particularly on spirits. In view of faling pump prices, petrol will probably not escape full indexation.

David Marsh adds: Oil companies operating in the North Sea will pay the Treasury about £1bn today representing this spring's instalment of petroleum revenue tax.

The companies have been *sizeable* buyers of pounds in the past few weeks to build up stocks for the tax payment, according to foreign exchange dealers.

These purchases — mainly against dollars — have been a significant factor buoying sterling, when it might have been much weaker because of the fall in world oil prices.

# U.S. group plans Ulster plant

BY OUR BELFAST CORRESPONDENT

MR JAMES PRIOR, the Northern Ireland Secretary, hopes shortly to announce the Province's first major industrial investment by an overseas manufacturer for more than a year.

The Northern Ireland Department of Commerce said it was in the final stages of negotiations with a U.S. company about opening a plant near Belfast. It is believed this could provide between 1,000 and 1,200 jobs in four years.

The identity of the company and the exact site of the plant will not be identified until the aid package is signed in perhaps three or four weeks.

Mr Prior hinted at the possibility of the deal when he was questioned about job prospects *at a conference on the economy* at the Ulster Polytechnic on

The project involves advanced engineering technology and a range of products for world markets.

The Government hopes the company will establish a research and development function besides its manufacturing operations and that there will be a substantial spin-off to local manufacturers.

The attraction of overseas companies is an important element in Mr Prior's policy for Ulster development. But he has warned that the level of success will be low.

The Government is reviewing Northern Ireland's package of financial incentives and is considering the possibility of tax concessions.

Anthony Morton writes: *British Enkalon has turned* down an offer for its Antrim was rejected because the potential buyer would have wanted to continue production of carpet yarns.

Akzo, which owns 83.7 per cent of British Enkalon through its Enka fibres arm, is known to want to eliminate not only some of its surplus fibre capacity in Europe but also some of the general surplus.

Therefore it is sticking to its March 15 deadline for a decision on the future of the plant in spite of admitting last week that the Antrim works were among its most efficient units.

The group will concentrate future output in the Netherlands and West Germany.

British Enkalon is thought to have lost about £20m in the past three to four years. Closure costs could amount to another £30m if the plant is shut.

# BL union officials will have to work

By Arthur Smith, Midlands Correspondent

BL CARS will put the seal today on another victory over the trade unions as senior shop stewards at Cowley, Oxford, return to the bench.

Mr Roy Fraser, the toolmakers' unofficial leader, is among 14 Cowley stewards who must give up full-time union activities and go back to their former jobs.

Union leaders, their reverses continuing at BL Cars, see little prospect of being able to mobilise rank-and-file support for a fight against the company's insistence that *full-time shop* stewards are a thing of the past. The change, BL says, is an essential part of its productivity drive.

In private, union officials concede there might have been some abuses by shop stewards. But they believe the company's policy is likely to be counter-productive and apt to result in *more disputes once BL workers* feel themselves to be in a stronger negotiating position.

The move comes just two weeks after the successful implementation of a 39-hour week at Cowley. The unions had been confident that workers would combine to resist the tea-break reduction of 10 minutes a day necessary to finance the change.

*Opposition at Cowley to the* proposed cut in the relaxation allowance was considered more militant than at Longbridge, Birmingham, where workers staged a four-week strike last year which hit production of the successful Metrol model and cost nearly £100m in lost production.

At Cowley, BL pulled back from *enforcing the deal in* January — more than two months after the original implementation date — when the 4,500 workers in the assembly plant voted to recoup the lost time by leaving work 15 minutes earlier each day.

The company, after extensive negotiations with the unions, seized the initiative two weeks *ago. It warned that any union* disruption would put at risk a productivity bonus which had been £2 to £3 a week and was then likely to reach £15.

According to BL, only 50 workers left early on the first day after implementation and 10 on the second — a response that forced the unions to call off their action.

*Union officials,* while conceding defeat, are sceptical about the sudden increase in productivity payments, which they believe could slip back to former levels once the changes necessary to finance the 39-hour week have been achieved.

One branch of the Transport Workers' Union at the Cowley assembly plant is already urging national leaders to conduct a full inquiry into how the bonus is paid.

BL insurance option

## Weather

UK TODAY
SHOWERS, with snow on high *ground and wind at times.*

**London, SE, SW, NW, Cent S England, E Anglia, Midlands, Channel Isles**
Sunny intervals and showers. Max 8C (46F).

**E, NE, Cent N England, Wales**
Some snow on hills. Showers. Max 8C (46F).

**Elsewhere**
Icy roads with overnight frost. Snow on hills. Max 6C (43F).

**Outlook:** Unsettled.

WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 13 | 55 | London | C | 12 | 54 |
| Algiers | C | 19 | 66 | L. Ang.† | | — | — |
| Amsdm. | C | 8 | 46 | Luxmbg. | Fg | 3 | 37 |
| Athens | S | 14 | 57 | Luxor | S | 25 | 77 |
| Bahrain | S | 20 | 68 | Madrid | C | 15 | 59 |
| Barclna. | S | 16 | 61 | Majorca | F | 17 | 63 |
| Beirut | R | 16 | 61 | Malaga | S | 21 | 70 |
| Belfast | F | 11 | 52 | Malta | C | 14 | 57 |
| Belgrd. | F | 5 | 41 | M'chstr | C | 11 | 52 |
| Berlin | C | 4 | 39 | Melbne. | | — | — |
| Biarritz | C | 14 | 57 | Mx. C.† | | — | — |
| Bmghm. | R | 11 | 52 | Miami† | | — | — |
| Blackpl. | C | 9 | 48 | Milan | S | 8 | 46 |
| Bordx. | C | 12 | 54 | Montrl.† | | — | — |
| Boulgn. | C | 12 | 54 | Munich | F | 8 | 46 |
| Bristol | R | 11 | 52 | Nairobi | S | 28 | 82 |
| Brussels | C | 9 | 48 | Naples | S | 12 | 54 |
| Budpst. | S | 5 | 41 | Nassau | | — | — |
| Cairo | | — | — | Nwcstl. | C | 11 | 52 |
| Cardiff | R | 10 | 50 | N York† | | — | — |
| Cas'b'ca | S | 17 | 63 | Nice | S | 13 | 55 |
| Cape T. | | — | — | Nicosia | F | 15 | 59 |
| Chicg.† | S | −6 | 21 | Oporto | R | 14 | 57 |
| Cologne | R | 5 | 41 | Oslo | Sn | −1 | 30 |
| Cpnhgn. | R | 1 | 34 | Paris | C | 10 | 50 |
| Corfu | S | 17 | 63 | Perth | | — | — |
| Denver† | S | 2 | 36 | Prague | C | 7 | 45 |
| Dublin | S | 13 | 55 | Rykjvk. | Sn | 2 | 36 |
| Dbrvnk. | S | 14 | 57 | Rhodes | F | 15 | 59 |
| Ednbgh. | R | 7 | 45 | Rio J'ot | | — | — |
| Faro | S | 20 | 68 | Rome | S | 14 | 57 |
| Florence | S | 14 | 57 | Salzbrg. | S | 8 | 46 |
| Frankft. | C | 2 | 36 | S'cisco† | F | 11 | 52 |
| Funchal | F | 16 | 61 | Singapr. | F | 33 | 91 |
| Geneva | C | 5 | 41 | S'tiago† | | — | — |
| Gibrltr. | F | 19 | 66 | Stckhm. | C | −2 | 28 |
| Gl'sg'w | C | 8 | 46 | Strasbg. | C | 4 | 39 |
| G'msey | C | 10 | 50 | Sydney | | — | — |
| Helsinki | C | −7 | 19 | Tangier | F | 18 | 64 |
| H. Kong | C | 17 | 63 | Tel Aviv | F | 18 | 64 |
| Innsbrk. | S | 5 | 41 | Tenerife | C | 13 | 55 |
| Invrnss. | C | 8 | 46 | Tokyo | C | 12 | 54 |
| I.o.Man | S | 9 | 48 | T'r'nto† | | — | — |
| Istanbul | R | 6 | 43 | Valencia | S | 21 | 70 |
| Jersey | C | 10 | 50 | Venice | S | 8 | 46 |
| Jo'burg | | — | — | Vienna | F | 3 | 37 |
| L. Plms. | C | 18 | 64 | Warsaw | S | 1 | 34 |
| Lisbon | F | 16 | 61 | Zurich | C | 3 | 37 |
| Locarno | S | 8 | 46 | | | | |

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sn—Snow.

THE LEX COLUMN

# Gold fouled by an oil slick

International gold dealers have been suffering troubled dreams lately about the 200-odd tonnes of gold believed still to be stored in Iran as the "national treasure" of the Tehran Government.

Now that the oil states have undergone a share role transformation from well-heeled gold accumulators to forced sellers, there are fears that the Ayatollah Khomeini may at some point unload even the state's iron reserve onto the world market.

The fall of the gold price *last* week to its *lowest since* September 1979—on Friday it was down $3¼ at $363 although still slightly above Monday's low point of $359—marks a resurgence of the link between the bullion and oil price.

The persistent weakness of the yellow metal over the past six months may even have been a potent leading indicator of the reduction in oil prices being felt in consumer countries this week.

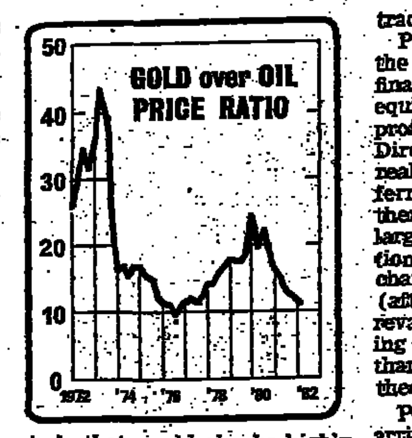
The oil price has weakened because of high interest rates and sluggish world growth—the same factors which have hit gold. And the rapid reduction of the Opec surplus has not only removed the flow of oil money into the gold market which helped sustain the price over the past two years but has also prompted several Middle East countries to liquidate some of their holdings—even at a giant loss—simply to pay the bills.

Iran and Iraq, the two countries which seem definitely to have been selling in recent weeks, made large purchases *during 1979-80. Ironically,* that stopped when war broke out between them in September 1980—when the gold price was double its present level.

Libya and Indonesia, as well as other Opec members which climbed rashly on to the gold bandwagon after its price boom in January 1980, may also have to sell if their finances continue to deteriorate. Some East European states, too, may be thinking about unloading.

Some of these countries have already been asking the banks to arrange gold "swaps" in the way that South Africa has done. But if too much gold becomes tied up in collateral this could be distinctly bearish for the price. Bankers shudder to think about what would happen if repayment proved impossible on a string of gold-backed loans.

Foreclosure would prompt banks to sell the gold collateral, which would further depress the price. This would put more gold-backed creditors in trouble—and could spark off a vicious circle that would also be highly damaging to the value of South African gold held as collateral in several bank's vaults across the world.



## Philips

That international pioneer of current cost accounting, the Dutch group Philips, has decided to modify its accounting principles. Next week's 1981 results will incorporate, for the first time, a kind of monetary or gearing adjustment. Moreover the separate inclusion of revaluation elements in the statement of results will make it possible to report trading profits both on the *basis of* historical costs and current costs. Philips describes this as a "dual-track presentation" (although it is definitely not to be confused with Double Dutch accounting).

Philips' previous accounting basis was adopted in 1971, although the underlying current cost principles go back to 1948. In the past decade multinational companies have been increasingly buffeted by high interest rates and inflation, together with correspondingly volatile currency exchange rates. There has also been the need to comply with international accounting standards or with legal requirements such as those of the EEC's Fourth Directive.

The main changes are disclosed in the current issue of the FT's *World Accounting Report*. There is no question of Philips abandoning its adherence to replacement cost principles—the concept being that profit is only earned after making all provisions necessary for the maintenance of the enterprise. Philips now finds it remarkable, however, that the original profit concept did not pay any attention to the financing structure — perhaps because at the time borrowings were low and interest charges small. But recently interest paid has absorbed more than half of trading profits.

Philips has now decided that the revaluation "surpluses" financed by debt rather than equity should be credited to profits. However, the Fourth Directive will allow only realised surpluses to be so transferred. This gearing adjustment, therefore, will in practice be largely restricted to a proportion of the "extra depreciation charged on fixed assets, and (after a short time lag) the revaluation of stocks. The gearing adjustment will be smaller than could be justified on a theoretical basis.

Phillips thus appears to have arrived at much the same kind of gearing adjustment as is incorporated in the UK current cost accounting standard SSAP 16—although by a different route and with different presentation. And, in contrast to the SSAP 16 approach, Philips is not specifically taking account of the impact of inflation on monetary working capital.

The gearing adjustment will, of course, improve Philips' reported earnings. At the same time, however, the group is taking the opportunity to correct a debatable aspect of the previous principles, the charging of certain taxes to revaluation surplus. Another change is the adoption of the *Unilever-type* currency translation method, now becoming the general international practice.

What will the impact of all this be on published profits? Normally, not very much, it would appear. But the new presentation should make it easier to understand the results.

## Company debt

Recent rapid increases in bank lending to the company sector have partly reflected the elimination of last year's temporary liquidity bonus provided by the civil servants' dispute. Now, the scale of the company sector's borrowing requirement is a cause for concern in two of the economic forecasting reports published over the weekend.

Thus the CBI expects borrowing by companies to increase "fairly rapidly" in 1982. The London Business School recognises that companies have in the past been reluctant to borrow heavily to finance expenditure, and in forecasting a £2.4bn jump in the sector financial deficit for 1982 it judges that this is "near the limit" of what companies will accept. Significantly, the CBI's monthly inquiry for February shows that industry is again becoming more noticeably overstocked.

## INDUSTRIALS—Continued

[illegible]

## INSURANCE

[illegible]

## LEISURE

[illegible]

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## INVESTMENT TRUSTS—Cont.

[illegible]

### Finance, Land, etc.

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Continued

[illegible]

## OVERSEAS TRADERS

[illegible]

## RUBBERS AND SISALS

[illegible]

## TEAS

### India and Bangladesh

[illegible]

### Sri Lanka

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Finance

[illegible]

### Diamond and Platinum

[illegible]

## MINES—Continued

### Central African

| Dividends Paid | | Stock | Price | Last xd | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| Nov. | May | Falcon Rh.50c | 80 | 1.9 | Q25c | 10.3 | 23.3 |
| | Aug. | Roan Cons. K4 | 60 | 29.1 | ← | — | — |
| Nov. | May | Wankie Col. Rh.1 | 20 | 10.4 | Q3c | 1.2 | 11.2 |
| May | Oct. | Zam.Cpr.SBD0.24 | 20 | 9.80 | — | — | — |

### Australian

[illegible]

### Tins

| Dividends Paid | | Stock | Price | Last xd | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |
| September | | Kamunting $M0.50 | 100 | 7.12 | [illegible] | [illegible] | [illegible] |
| Oct. | Apr. | Killinghall $M1 | 660xd | 15.2 | Q100c | ϕ | 3.6 |
| | — | Malaysia Mng. 10c | 70 | 7.12 | Q25c | 1.1 | 8.5 |
| | — | Pahang | 32 | 27.11 | ‡0.63 | 0.8 | ‡ |
| July | Jan. | Pengkalen 10p | 305 | 1.5 | 3.5 | — | 1.6 |
| June. | Jan. | Petaling $M1 | 320 | 7.12 | Q60c | ϕ | 4.5 |
| Jan. | Aug. | Sungei Besi $M1 | 180 | 7.12 | ‡Q310c | 1.1 | ‡ |
| | — | Supreme Corp. $M1 | 90 | 9.74 | ‡Q15½c | ϕ | 4.2 |
| Mar. | July | Tanjong 15p | 105 | 15.6 | 3.5 | 3.7 | 4.8 |
| Sept. | Mar. | Tongkah H. Tin I$M | 75 | 21.5 | Q25% | 1.3 | 8.4 |
| Oct. | June | Tronoh $M1 | 220 | 28.9 | ‡Q110c | 1.2 | ‡ |

### Copper

| Dividends Paid | | Stock | Price | Last xd | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| Jan | Aug | Messina R0.50 | 270 | 11.1 | Q60c | 5.2 | 11.8 |

### Miscellaneous

| Dividends Paid | | Stock | Price | Last xd | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| | — | Anglo-Dominion | 25 | — | — | — | — |
| | May | Burma Mines 10p | 14½ | 30.3 | 0.75 | 0.9 | 7.4 |
| | — | Colby Res. Corp. | 75 | — | — | — | — |
| Aug. | Feb. | Cons. Murch. 10c. | 275 | 23.12 | Q60c | ϕ | 11.6 |
| — | | ‡‡Explaura Gold | 8 | — | — | — | — |
| | — | ‡‡Hemerdon 10c. | 60 | — | — | — | — |
| | — | Highwood Res. | 80 | — | — | — | — |
| | — | Northgate C$1 | 200 | 9.77 | — | — | — |
| Jan. | July | R.T.Z. | 415 | 23.11 | 16.0 | 2.3 | 5.5 |
| Jan | July | [illegible] | £98½ | 9.11 | Q9½% | — | f9.8 |
| | — | ‡‡SPO Minerals 10p | 14 | — | — | — | — |
| | — | Sabina Inds. C$1 | 18 | — | — | — | — |
| | — | ‡Southwest C. 10p | 39 | — | — | — | — |
| | — | Tara Exptn. $1 | 400 | — | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xΠ ex capital distribution.

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | | IRISH | | |
|---|---|---|---|---|---|
| Albany Inv. 20p | 42 | ...... | | | |
| Bertrams | 17♯ | ...... | Conv. 9% '80/82 | £95⅛ | +⅛ |
| Bdg'wtr. Est. 50p | 420 | ...... | Nat. 9¾% 84/89 | £65¾ | +½ |
| Craig & Rose £1 | £12¾ | ...... | Fin. 13% 97/02 | £68⅜xd | ...... |
| Finlay Pkg. 5p | 25 | ...... | Alliance Gas | 60 | −10 |
| Graig Ship. £1 | £21 | ...... | Arnott | 210 | ...... |
| Higsons Brew | 65 | ...... | Carroll (P.J.) | 73 | −1 |
| Holt (Jos) 25p | 565 | ...... | Concrete Prods. | 90 | ...... |
| I.O.M. Stm. £1 | 122 | +2 | Heiton (Hldgs.) | 22½xd | ...... |
| Pearce (C. H.) | £10½ | ...... | Irish Ropes | 37 | ...... |
| Peel Hldgs. | 116½ | −5½ | Jacob | 63 | ...... |
| Sheff. Refrshmt | 80 | ...... | T.M.G. | 13 | ...... |
| Sindall (Wm.) | 200 | ...... | Unidare | 53 | −1½ |

## OPTIONS

### 3-month Call Rates

| Industrials | | | | | |
|---|---|---|---|---|---|
| | | House of Fraser | 15 | Utd. Drapery | 7 |
| Allied-Lyons | 8 | I.C.I. | 24 | Vickers | 16 |
| BOC Intl. | 15 | "Imps" | 8 | Woolworths | 5 |
| B.S.R. | 8½ | I.C.L. | 5½ | | |
| Babcock | 10 | Ladbroke | 15 | **Property** | |
| Barclays Bank | 42 | Legal & Gen. | 19 | Brit. Land | 7½ |
| Beecham | 21 | Lex Service | 10 | Cap. Counties | 10 |
| Blue Circle | 48 | Lloyds Bank | 42 | Land Secs. | 28 |
| Boots | 19 | "Lofs" | 6½ | MEPC | 20 |
| Bowaters | 24 | London Brick | 7 | Peachey | 14 |
| Brit. Aerospace | 17 | Lucas Inds. | 20 | Samuel Props. | 11 |
| B.A.T. | 38 | "Mams" | 12 | Town & City | 3½ |
| Brown (J.) | 7 | Mrks. & Spncr | 12 | | |
| Burton Ord. | 15 | Midland Bank | 30 | **Oils** | |
| Cadburys | 9 | N.E.I. | 9 | | |
| Courtaulds | 8 | Nat. West. Bank | 38 | Brit. Petroleum | 26 |
| Debenhams | 7 | P & O Dfd. | 14 | Burmah Oil | 10 |
| Distillers | 15 | Plessey | 32 | Charterhall | 6 |
| Dunlop | 6½ | Racal Elect. | 35 | KCA | 14 |
| Eagle Star | 31 | R.H.M. | 6½ | Premier | 6 |
| F.N.F.C. | 4 | Rank Org. Ord. | 20 | Shell | 30 |
| Gen. Accident | 28 | Reed Intnl. | 26 | Tricentrol | 22 |
| Gen. Electric | 65 | Sears | 6 | Ultramar | 38 |
| Glaxo | 42 | Tesco | 5½ | | |
| Grand Met. | 17 | Thorn EMI | 42 | **Mines** | |
| G.U.S. 'A' | 45 | Trust Houses | 11 | Charter Cons. | 25 |
| Guardian | 25 | Tube Invest. | 13 | Cons. Gold | 45 |
| G.K.N. | 15 | Turner & Newall | 11 | Lonrho | 7 |
| Hawker Sidd. | 30 | Unilever | 55 | Rio T. Zinc | 42 |

"Recent Issues" and "Rights" Page 20

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# FINANCIAL TIMES

Monday March 1 1982

# Liberals likely to fight Bell seat

By Elinor Goodman
Political Correspondent

THE LIBERALS rather than the Social Democrats look likely to carry the Alliance colours in the by-election at Beaconsfield, Bucks, caused by the death at the weekend of Sir Ronald Bell, Conservative MP.

Sir Ronald, one of the most outspoken right-wingers on the Tory backbenchers, had a majority of 21,495 at the last election. This makes Beaconsfield one of the 50 or so safest Conservative seats.

It is essential to Conservative morale that the party holds on to it.

No formal decision will be taken on which Alliance party will fight the seat, until after Sir Ronald's funeral. Mr Roy Jenkins is already committed to fighting for the Alliance in the next by-election — in Glasgow Hillhead — and the assumption in both parties yesterday was that the Liberals would get first refusal on Beaconsfield.

One suggestion was that Mr John Pardoe, the former Liberal economic spokesman, might stand, but his family discounted this.

In some ways Beaconsfield, with its large middle class electorate, might have seemed a better bet for Mr Jenkins. At Hillhead his lack of Scottish credentials seem to be working against him, judging by one opinion poll published at the weekend.

It would take a much larger swing for the Alliance to win Beaconsfield than Hillhead, however. Even with one as big as Mrs Shirley Williams got in Crosby, the Alliance would not be home and dry in Beaconsfield.

The Liberals and the SDP are in the middle of negotiations about seats covering Buckinghamshire, Berkshire and Oxfordshire. Beaconsfield apparently was not on either party's list of priorities.

The Liberals have done quite well there in the past. They came second in both 1974 elections, although they were forced into third place by Labour in 1979.

The constituency has only small pockets of Labour supporters on the borders with Slough. If the Government lost Beaconsfield, it would be a serious blow to confidence on the Tory backbenchers. With Mrs Williams's win at Crosby, it would suggest the SDP really was making in-roads into the traditional power base.

Sir Ronald represented the area since 1950. A prominent member of the right-wing Monday Club, he repeatedly called for the repatriation of immigrants. He was a passionate nationalist and anti-Common Marketeer. He died on Saturday soon after addressing an anti-EEC meeting.

The Prime Minister said she was "deeply saddened" by his death. He possessed "two supreme qualities." He had both a "fierce loyalty to the party" and a "robust, even defiant, independence of spirit."

● Rank-and-file Liberal members rebuked the parliamentary leadership at the weekend over its backing for the Employment Bill. The Liberal Council passed a motion calling on the parliamentary party to oppose the Bill at third reading.

It agreed to set up committee within the party to hear appeals from local Liberal parties which feel they have been treated unfairly in the negotiations over seats with the SDP.

Continued from Page 1

## Mulley

particularly over defence. As the Defence Secretary in the last Labour Government, he opposes Labour's commitment to unilateral disarmament.

The far left is strong in Sheffield, where three weeks ago Mr Fred Hooley, a left-of-centre MP, failed to be re-selected. Mr Caborn is president of Sheffield Labour Party, and a vice-chairman of Sheffield Trades Council. He is not a member of the Militant Tendency, which suggests that, even if Labour's current investigation into Militant leads to a ban on its members standing as candidates, Labour moderates will continue to face difficulties in being re-selected in some areas.

Mr Mulley served in government under both Sir Harold Wilson and Mr James Callaghan and is a former party chairman and member of the executive.

His de-selection will add to the worries of Mr Michael Foot, the party leader, but he seems unlikely to make an issue out of Mr Mulley's case.

# Polish restrictions eased after bishops' appeal

BY OUR FOREIGN STAFF

THE POLISH authorities yesterday eased some restrictions as a party delegation headed by General Wojciech Jaruzelski, the country's military leader, prepared to leave for the first visit to the Soviet Union since the imposition of Martial Law last December.

The relaxations do not end the interment and censorship, bans on strikes and demonstrations, or the use of summary justice. But they do include the release of about 300 internees greater freedom of travel inside Poland and abroad and the re-establishment of many domestic and international automatic telephone and telex links.

The relaxations were announced by General Kiszczac, the Interior Minister, in the wake of nationwide appeals by Poland's church leaders for martial law to be lifted.

After a bishops' conference at the end of last week, Archbishop Jozef Glemp, the Polish Primate, and other bishops yesterday read from the pulpits a strongly-worded communique calling for a "social compact" between all the forces in society — including Solidarity — "to discuss how to get out of this catastrophe."

The bishops' call for the suspended Solidarity trade union movement to join political talks was allowed to be broadcast on the State radio. But their plea for an end to Martial Law and an amnesty for detained union supporters was cut out of the broadcast version.

The message was one of the toughest to have come from the church during the current crisis. It appears that the authorities will oppose the revival of Solidarity despite the Bishops' appeal. General Jaruzelski's talks in Moscow are likely to be of decisive importance in this respect.

General Jaruzelski's visit to Moscow was announced by the official Soviet news agency Tass yesterday.

Tass gave no details of the composition of the Polish delegation, nor did it indicate which Soviet officials it would meet. But it seemed probable it would hold talks with President Leonid Brezhnev and other senior members of the Kremlin leadership.

"The Soviet people . . . express confidence that the visit will facilitate further consolidation of the relations of friendship, unity and all-round co-operation between the Soviet Union and the Polish People's Republic," Tass said. The visit is likely to last two days.

# Government aims to curb debate on North Sea oil privatisation

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT intends to introduce a guillotine on Commons discussion of its controversial proposals to sell off North Sea oil operations and to open up some of the British Gas corporation's operations to competition.

An announcement is likely within the next 10 days of a timetable motion restricting further debate on the Oil and Gas (Enterprise) Bill, which is now in committee.

There has so far been 54 hours of discussion, including an all-night sitting last week during which only eight of the 35 clauses were considered. None of the original proposals had been altered.

The Government will argue that progress has been too slow with the Opposition wasting time. The Labour Party reply is that it has been trying to clarify, with only limited success, many uncertainties about the structure of Britoil, the oil exploration and production side of the British National Oil Corporation which is to be sold.

In particular, Labour MPs have been pressing for disclosure of the Articles of Association of Britoil, which should indicate how UK Government control is to be ensured.

The need for a guillotine on the Bill at some stage has been recognised from the start by members of the committee, but the announcement is certain to provoke a row in the Commons and the timetable motion will have to be debated on the floor of the chamber.

Labour is likely to use the opportunity to renew its criticisms about the methods of sale of State-owned assets following the large profits made last week by buyers of Amersham International, the radioactive materials producer.

The Government will face further pressure this week over the Amersham affair during Commons questions and the all-party Public Accounts Committee, which meets today, will be considering whether to start an inquiry into the affair.

One result of the timetable motion will be to curtail debate on the contentious British Gas part of the Bill, which the committee is only just beginning to examine. Discussions are likely to highlight the opposition of British Gas to this section, which has resulted in tense relations between Sir Dennis Rooke, Chairman of British Gas, and Mr Nigel Lawson, the Energy Secretary.

After some tortous negotiations, Sir Dennis has however been allowed to explain to the committee what he regards as the facts of the position.

# Japan seeks U.S. trade talks

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN IS TO SEEK a joint ministerial conference with the U.S. to tackle bilateral trade and other economic problems.

The proposal will be put formally to the U.S. when Mr Y. Sakurauchi, Japanese Foreign Minister, visits Washington later this month. The hope in Tokyo is that the meeting can be before the Paris economic summit meeting in the summer.

The aim would be a general understanding at the highest possible level on ways in which the two countries can start to lower tensions on trade and related issues.

Japan would send at least six Ministers to the meeting, presumably hoping to discuss matters such as yen-dollar exchange rate and the discrepancy between U.S. and Japanese interest rates as well as trade issues.

Holding regular Cabinet-level meetings on economic issues between Japan and the U.S. was proposed in the report of the U.S.-Japanese "Wise Men's Group," a panel of independent economic experts which met several times to discuss bilateral economic problems between December 1979 and the middle of last year.

The "Wise Men's" recommendation was ignored at the time, but is now apparently being dusted off by Japan as one of a number possible ways to reduce tension.

Another recommendation of the Wise Men's Group, to open a Japanese trade ombudsman's office, was acted on last December. The office is now a reality.

Mr Malcolm Baldridge, U.S. Commerce Secretary, suggested last week that the office would prove of little use and was "not the right way" to tackle the problem of bilateral trade imbalances.

Japan's decision to suggest a ministerial conference follows the realisation last week that Washington remained far from satisfied with progress towards opening the Japanese market to U.S. imports.

U.S. dissatisfaction was forcibly conveyed to a parliamentary mission led by Mr Masumi Esaki, a former Minister of International Trade and Industry who visited Washington last week.

He briefed Mr Zenko Suzuki, the Prime Minister, on Saturday on the result, or rather lack of result, of his mission.

Japan's inner Cabinet of economic Ministers meets tomorrow to consider what other steps should be taken about the increasing trade tensions with the U.S.

# Howe dilemma

Continued from Page 1

cutting it by a token one point at a cost of £750m.

A cut in the standard rate of income tax or of value added tax seems highly unlikely on cost and political grounds. The Chancellor undoubtedly will raise income-tax thresholds in line with the inflation rate, and he may find he can afford extra help to taxpayers in the lower ranges. He would like to announce some help to small businesses and measures to create employment in the inner cities.

The normal assumption that excise duties should be raised by 12 per cent in line with the inflation rate would put about 2p on a pint of beer, 35p on a bottle of gin, 10p on a bottle of wine, 9p on a packet of 20 cigarettes, and about 9p on a gallon of petrol.

Some of these duties are likely to be increased by less than the full amount, particularly on spirits. In view of faling pump prices, petrol will probably not escape full indexation.

David Marsh adds: Oil companies operating in the North Sea will pay the Treasury about £1bn today representing this spring's instalment of petroleum revenue tax.

The companies have been sizeable buyers of pounds in the past few weeks to build up stocks for the tax payment, according to foreign exchange dealers.

These purchases — mainly against dollars — have been a significant factor buoying sterling, when it might have been much weaker because of the fall in world oil prices.

# U.S. group plans Ulster plant

BY OUR BELFAST CORRESPONDENT

MR JAMES PRIOR, the Northern Ireland Secretary, hopes shortly to announce the Province's first major industrial investment by an overseas manufacturer for more than a year.

The Northern Ireland Department of Commerce said it was in the final stages of negotiations with a U.S. company about opening a plant near Belfast. It is believed this could provide between 1 000 and 1,200 jobs in four years.

The identity of the company and the exact site of the plant will not be identified until the aid package is signed in perhaps three or four weeks.

Mr Prior hinted at the possibility of the deal when he was questioned about job prospects at a conference on the economy at the Ulster Polytechnic on Friday.

The project involves advanced engineering technology and a range of products for world markets.

The Government hopes the company will establish a research and development function besides its manufacturing operations and that there will be a substantial spin-off to local manufacturers.

The attraction of overseas companies is an important element in Mr Prior's policy for Ulster development. But he has warned that the level of success will be low.

The Government is reviewing Northern Ireland's package of financial incentives and is considering the possibility of tax concessions.

Anthony Morton writes: British Enkalon has turned down an offer for its Antrim plant made early this year. It was rejected because the potential buyer would have wanted to continue production of carpet yarns.

Akzo, which owns 83.7 per cent of British Enkalon through its Enka fibres arm, is known to want to eliminate not only some of its surplus fibre capacity in Europe but also some of the general surplus.

Therefore it is sticking to its March 15 deadline for a decision on the future of the plant in spite of admitting last week that the Antrim works were among its most efficient units.

The group will concentrate future output in the Netherlands and West Germany.

British Enkalon is thought to have lost about £20m in the past three to four years. Closure costs could amount to another £30m if the plant is shut.

De Lorean in talks, Page 4

# BL union officials will have to work

By Arthur Smith, Midlands Correspondent

BL CARS will put the seal today on another victory over the trade unions as senior shop stewards at Cowley, Oxford, return to the bench.

Mr Roy Fraser, the toolmakers' unofficial leader, is among 14 Cowley stewards who must give up full-time union activities and go back to their former jobs.

Union leaders, their reverses continuing at BL Cars, see little prospect of being able to mobilise rank-and-file support for a fight against the company's insistence that full-time shop stewards are a thing of the past. The change, BL says, is an essential part of its productivity drive.

In private, union officials concede there might have been some abuses by shop stewards. But they believe the company's policy is likely to be counter-productive and apt to result in more disputes once BL workers feel themselves to be in a stronger negotiating position.

The move comes just two weeks after the successful implementation of a 39-hour week at Cowley. The unions had been confident that workers would combine to resist the tea-break reduction of 10 minutes a day necessary to finance the change.

Opposition at Cowley to the proposed cut in the relaxation allowance was considered more militant than at Longbridge, Birmingham, where workers staged a four-week strike last year which hit production of the successful Metrol model and cost nearly £100m in lost production.

At Cowley, BL pulled back from enforcing the deal in January — more than two months after the original implementation date — when the 4,500 workers in the assembly plant voted to recoup the lost time by leaving work 15 minutes earlier each day.

The company, after extensive negotiations with the unions, seized the initiative two weeks ago. It warned that any union disruption would put at risk a productivity bonus which had been £2 to £3 a week and was then likely to reach £15.

According to BL, only 50 workers left early on the first day after implementation and 10 on the second — a response that forced the unions to call off their action.

Union officials, while conceding defeat, are sceptical about the sudden increase in productivity payments, which they believe could slip back to former levels once the changes necessary to finance the 39-hour week have been achieved.

One branch of the Transport Workers' Union at the Cowley assembly plant is already urging national leaders to conduct a full inquiry into how the bonus is paid.

BL insurance option

## Weather

UK TODAY

SHOWERS, with snow on high ground and wind at times.

**London, SE, SW, NW, Cent S England, E Anglia, Midlands, Channel Isles**
Sunny intervals and showers. Max 8C (46F).

**E, NE, Cent N England, Wales**
Some snow on hills. Showers. Max 8C (46F).

**Elsewhere**
Icy roads with overnight frost. Snow on hills. Max 6C (43F).

**Outlook:** Unsettled.

WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 13 | 55 | London | C | 12 | 54 |
| Algiers | C | 19 | 66 | L. Ang.† | | — | — |
| Amsdm. | C | 8 | 46 | Luxmbg. | Fg | 3 | 37 |
| Athens | S | 14 | 57 | Luxor | S | 25 | 77 |
| Bahrain | S | 20 | 68 | Madrid | C | 15 | 59 |
| Barclna. | S | 16 | 61 | Majorca | F | 17 | 63 |
| Beirut | R | 16 | 61 | Malaga | S | 21 | 70 |
| Belfast | F | 11 | 52 | Malta | C | 14 | 57 |
| Belgrd. | F | 5 | 41 | M'chstr | C | 11 | 52 |
| Berlin | C | 4 | 39 | Melbne. | | — | — |
| Biarritz | C | 14 | 57 | Mx. C.† | | — | — |
| Bmghm. | R | 11 | 52 | Miami† | | — | — |
| Blackpl. | C | 9 | 48 | Milan | S | 8 | 46 |
| Bordx. | C | 12 | 54 | Montrl.† | | — | — |
| Boulgn. | C | 12 | 54 | Munich | F | 8 | 46 |
| Bristol | R | 11 | 52 | Nairobi | S | 28 | 82 |
| Brussels | C | 9 | 48 | Naples | S | 12 | 54 |
| Budpst. | S | 5 | 41 | Nassau | | — | — |
| Cairo | | — | — | Nwcstl | C | 11 | 52 |
| Cardiff | R | 10 | 50 | N York† | | — | — |
| Cas'b'ca | S | 17 | 63 | Nice | S | 13 | 55 |
| Cape T. | | — | — | Nicosia | F | 15 | 59 |
| Chicg.† | S | −6 | 21 | Oporto | R | 14 | 57 |
| Cologne | R | 5 | 41 | Oslo | Sn | −1 | 30 |
| Cophgn. | R | 1 | 34 | Paris | C | 10 | 50 |
| Corfu | S | 17 | 63 | Perth | | — | — |
| Denver† | S | 2 | 36 | Prague | C | 7 | 45 |
| Dublin | S | 13 | 55 | Rykjvk. | Sn | 2 | 36 |
| Dbrvnk | S | 14 | 57 | Rhodes | F | 15 | 59 |
| Ednbgh. | R | 7 | 45 | Rio J'o† | | — | — |
| Faro | S | 20 | 68 | Rome | S | 14 | 57 |
| Florence | S | 14 | 57 | Salzbrg. | S | 8 | 46 |
| Frankfrt. | C | 2 | 36 | S'cisco† | F | 11 | 52 |
| Funchal | F | 16 | 61 | Singapr. | F | 33 | 91 |
| Geneva | C | 5 | 41 | S'tiago† | | — | — |
| Gibrltr. | F | 19 | 66 | Stckhm. | C | −2 | 28 |
| Glasgow | C | 8 | 46 | Strasbg. | C | 4 | 39 |
| G'nsey | C | 10 | 50 | Sydney | | — | — |
| Helsinki | C | −7 | 19 | Tangier | F | 18 | 64 |
| H. Kong | C | 17 | 63 | Tel Aviv | F | 18 | 64 |
| Innsbrk | S | 5 | 41 | Tenerife | C | 13 | 55 |
| Invrnss. | C | 8 | 46 | Tokyo | C | 12 | 54 |
| I.o Man | S | 9 | 48 | T'rnto† | | — | — |
| Istanbul | R | 6 | 43 | Valencia | S | 21 | 70 |
| Jersey | C | 10 | 50 | Venice | S | 9 | 48 |
| Jo'burg | | — | — | Vienna | F | 3 | 37 |
| L. Plms. | C | 18 | 64 | Warsaw | S | 1 | 34 |
| Lisbon | F | 16 | 61 | Zurich | C | 3 | 37 |
| Locarno | S | 8 | 46 | | | | |

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sn—Snow.
† Noon GMT temperatures.

THE LEX COLUMN

# Gold fouled by an oil slick

International gold dealers have been suffering troubled dreams lately about the 200-odd tonnes of gold believed still to be stored in Iran as the "national treasure" of the Tehran Government.

Now that the oil states have undergone a share role transformation from well-heeled gold accumulators to forced sellers, there are fears that the Ayatollah Khomeini may at some point unload even the state's iron reserve onto the world market.

The fall of the gold price last week to its lowest since September 1979—on Friday it was down $3¼ at $363 although still slightly above Monday's low point of $359—marks a resurgence of the link between the bullion and oil price.

The persistent weakness of the yellow metal over the past six months may even have been a potent leading indicator of the reduction in oil prices being forced in consumer countries this week.

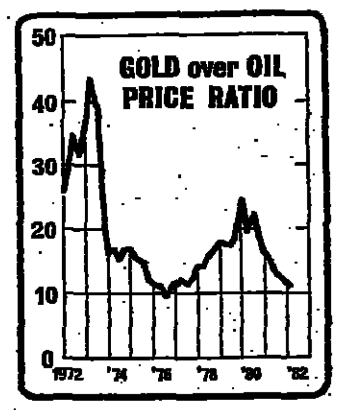
The oil price has weakened because of high interest rates and sluggish world growth—the same factors which have hit gold. And the rapid reduction of the Opec surplus has not only removed the flow of oil money into the gold market which helped sustain the price over the past two years but has also prompted several Middle East countries to liquidate some of their holdings—even at a giant loss—simply to pay the bills.

Iran and Iraq, the two countries which seem definitely to have been selling in recent weeks, made large purchases during 1979-80. Ironically, that stopped when war broke out between them in September 1980—when the gold price was double its present level.

Libya and Indonesia, as well as other Opec members which climbed rashly on to the gold bandwagon after its price boom in January 1980, may also have to sell if their finances continue to deteriorate. Some East European states, too, may be thinking about unloading.

Some of these countries have already been asking the banks to arrange gold "swaps" in the way that South Africa has done. But if too much gold becomes tied up in collateral this could be distinctly bearish for the price. Bankers shudder to think about what would happen if repayment proved impossible on a string of gold-backed loans.

Foreclosure would prompt banks to sell the gold collateral, which would further depress the price. This would put more gold-backed creditors in trouble—and could spark off a vicious circle that would also be highly damaging to the value of South African gold held as collateral in several bank's vaults across the world.



## Philips

That international pioneer of current cost accounting, the Dutch group Philips, has decided to modify its accounting principles. Next week's 1981 results will incorporate, for the first time, a kind of monetary or gearing adjustment. Moreover the separate inclusion of revaluation elements in the statement of results will make it possible to report trading profits both on the basis of historical costs and current costs. Philips describes this as a "dual-track presentation" (although it is definitely not to be confused with Double Dutch accounting).

Philips' previous accounting basis was adopted in 1971, although the underlying current cost principles go back to 1948. In the past decade multinational companies have been increasingly buffeted by high interest rates and inflation, together with correspondingly volatile currency exchange rates. There has also been the need to comply with international accounting standards or with legal requirements such as those of the EEC's Fourth Directive.

The main changes are disclosed in the current issue of the FT's World Accounting Report. There is no question of Philips abandoning its adherence to replacement cost principles—the concept being that profit is only earned after making all provisions necessary for the maintenance of the enterprise. Philips now finds it remarkable, however, that the original profit concept did not pay any attention to the financing structure — perhaps because at the time borrowings were low and interest charges small. But recently interest paid has absorbed more than half of trading profits.

Philips has now decided that the revaluation "surpluses" financed by debt rather than equity should be credited to profits. However, the Fourth Directive will allow only realised surpluses to be so transferred. This gearing adjustment, therefore, will in practice be largely restricted to a proportion of the "extra depreciation charged on fixed assets, and (after a short time lag) the revaluation of stocks. The gearing adjustment will be smaller than could be justified on a theoretical basis.

Phillips thus appears to have arrived at much the same kind of gearing adjustment as is incorporated in the UK current cost accounting standard SSAP 16—although by a different route and with different presentation. And, in contrast to the SSAP 16 approach, Philips is not specifically taking account of the impact of inflation on monetary working capital.

The gearing adjustment will, of course, improve Philips' reported earnings. At the same time, however, the group is taking the opportunity to correct a debatable aspect of the previous principles, the charging of certain taxes to revaluation surplus. Another change is the adoption of the Unilever-type currency translation method, now becoming the general international practice.

What will the impact of all this be on published profits? Normally, not very much, it would appear. But the new presentation should make it easier to understand the results.

## Company debt

Recent rapid increases in bank lending to the company sector have partly reflected the elimination of last year's temporary liquidity bonus provided by the civil servants' dispute. Now, the scale of the company sector's borrowing requirement is a cause for concern in two of the economic forecasting reports published over the weekend.

Thus the CBI expects borrowing by companies to increase "fairly rapidly" in 1982. The London Business School recognises that companies have in the past been reluctant to borrow heavily to finance expenditure, and in forecasting a £2.4bn jump in the sector financial deficit for 1982 it judges that this is "near the limit" of what companies will accept. Significantly, the CBI's monthly inquiry for February shows that industry is again becoming more noticeably overstocked.